



# EASTERN WORLD

THE ASIA MONTHLY

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AUGUST 1958

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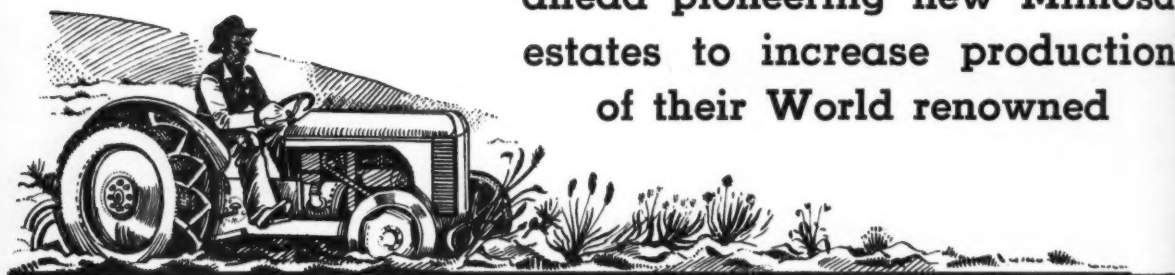


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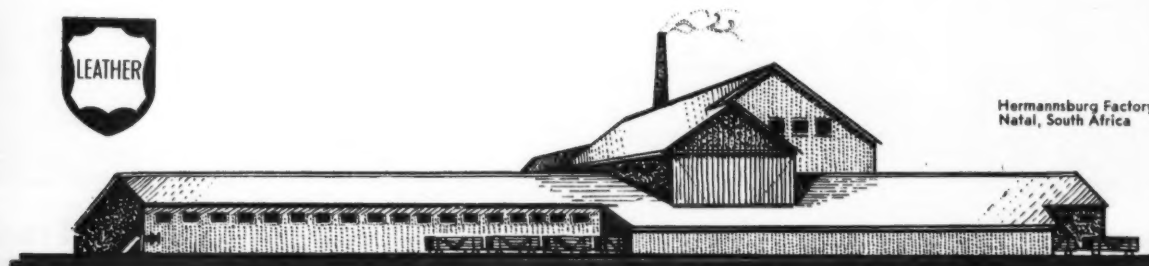
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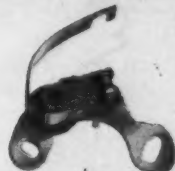
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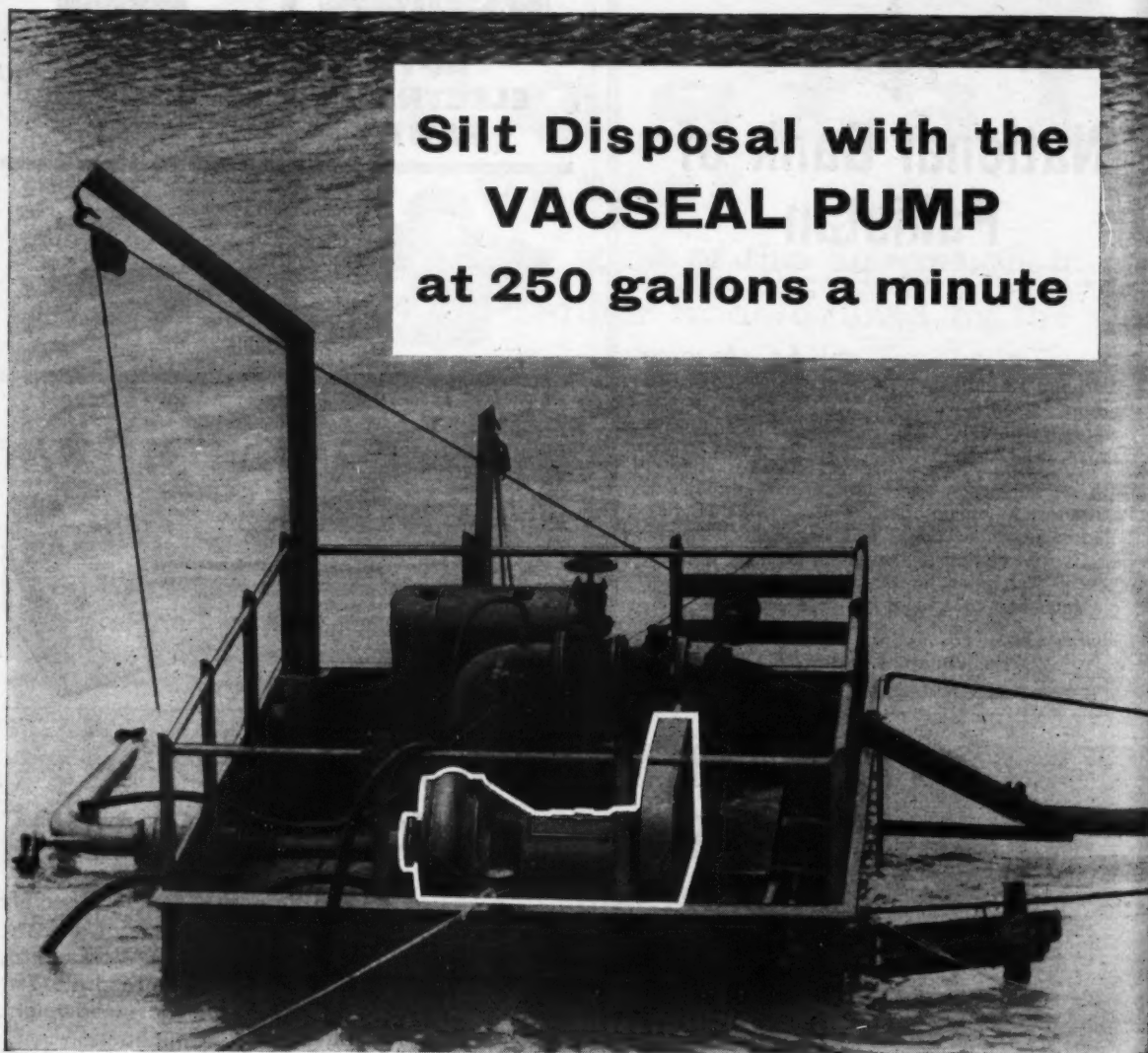
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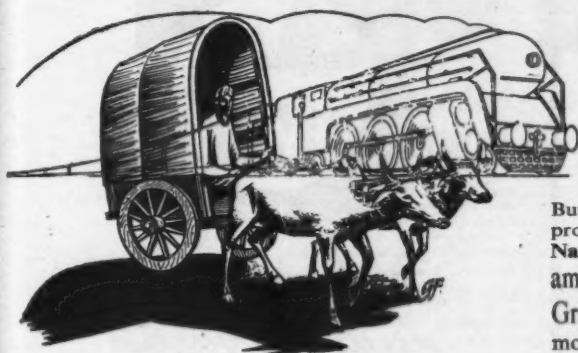
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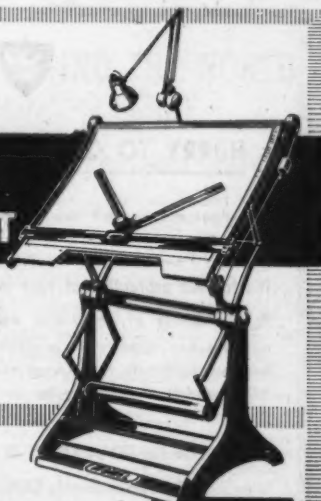
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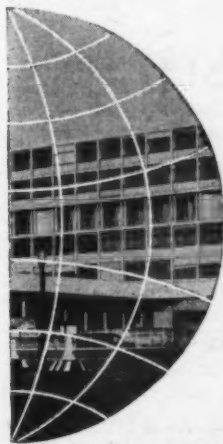
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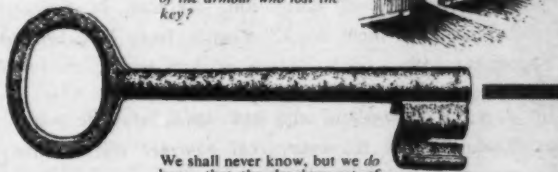
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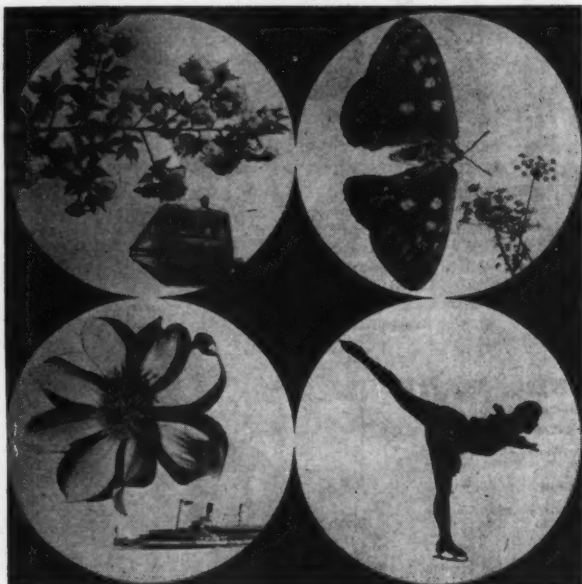
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*The Editor does not hold himself responsible for opinions  
expressed in signed articles.*

Front cover picture: Typical restaurant alley in Tokyo.

(Photo by H. C. Taussig)

# EASTERN WORLD

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August

1958

## Monuments or Ruins?

**N**OT since the end of the second world war has there been such a critical and explosive situation as that precipitated by the British and American action in the Middle East. Nor has any move by the two leading western powers been more severely opposed within the western camp. Not only is the opposition in the United States and Britain loud and insistent, but there is a complete division of opinion among the member countries of NATO. The Japanese Government, normally a supporter of United States policy, has criticised the action, and other Asian countries, through spokesmen and the press, have condemned it. Nothing is to be gained by angry emotional outbursts. It is necessary to assess the matter with reason and calmness.

It is on question of reason that those who oppose the action find themselves confounded. There is no sense, no reason, no logic, in undertaking a course of action which in the long run, if not in the short, destroys the objectives of the policy which the action is claimed to secure. If oil was the consideration, nothing could more surely retard the flow of it than a move which invites the hostility of the oil producing States. If the objective was to uphold crumbling and unpopular governments, nothing is designed to bring about their demise quicker than physical intervention from outside. And if the intention was to keep Communist influence at bay in the region, it is difficult to imagine any move more calculated to increase it. But perhaps the most curiously irrelevant argument of all is that intervention was necessary if our friends in the Middle East were not to lose faith in the power of the West. This reasoning has been, and is still being, used in connection with the China-Formosa question: we cannot recognise the Peking Government, and drop our support for the Kuomintang, for fear of disappointing our friends in Asia. Just as in Asia, so in the Middle East, it is pertinent to ask to which friends are we morally indebted?

No one seriously believes that any one country would sacrifice self interest for the sake of morality in foreign policy, especially as morality in this sense is open to different

interpretations. If the object of foreign policy is to further a country's self interest, it is more than foolish to jeopardise that self interest, and invite unthinkable dangers, on the unstable basis of international moral behaviour.

Nothing has been more glaringly obvious in recent years than the growing unpopularity of the monarchies and sheikhdoms on which Britain and France, and latterly America, have based their Middle East policies. The regimes rested on a feudal landowning class, and it became only a matter of time before the growing force of Arab nationalism engulfed them. No one can claim to see a great deal of merit in militant nationalism, but on the other hand it would be a very short sighted person indeed who failed to recognise that nationalism is a phenomenon of our age, and a necessary landmark in the evolution of subject peoples. The silliest and most dangerous reaction is to challenge it. Because nationalism is a mental and psychological, as well as a physical, process nothing is gained by meeting it with a show of arms. Indeed, not only is there no profit, there will almost inevitably be a vast loss because the process will be accelerated, and its manifestations may be prolonged in negative channels.

Arab nationalism as we have seen it since the rise to power of Colonel Nasser has a lot to recommend its support by western powers seeking to maintain their interest in the Middle Eastern area. In spite of Nasser's apparent close attachment to Russia, Arab feelings and the teaching of Islam are antipathetic to Communism. The western powers might have taken more careful note of the way Communist influence has markedly lessened in the Middle East with the spread of pan-Arabism. Instead, western powers have chosen on two occasions—at the time of the Suez campaign and now—to challenge Arab nationalism, with explosive results, disastrous for the future.

But although the physical opposition to the spread of Arab influence, mistakenly confused at least in American minds with Communist infiltration, is inexcusable in the eyes of the Afro-Asian bloc, an equally appalling aspect of the

affair is the affront to the United Nations. It has confirmed opinion in uncommitted countries that the United States looks upon the Security Council as an American controlled institution which can be manipulated at the will of the State Department in Washington. It is once again difficult to escape the conclusion that if matters do not go the way Washington wants them, America will impose its will by force.

The initiative in preserving world peace has inescapably passed to Moscow, as any far seeing statesman ought to have seen that it would. The effort put by Britain and America into erecting a *cordon sanitaire* around the Soviet Union has been shattered less by the revolution in Iraq, a member of

the Baghdad Pact, than by their own subsequent actions. Instead of keeping Soviet influence out of the Middle East, the Atlantic partnership has invited it in, for few would not now agree that Russia has every justification for interesting herself in the affairs of the region, especially if the peace of the world is at stake.

The consequences of the British and American intervention are incalculable in the long term. The action has erected no lasting monuments; it has only been able to present the tragedy of policies lying in ruins. But this is of infinitely smaller account than the unforgivable foolishness of holding the peace of the world to ransom.

## Comment

### Waterlogged Politics

THE Pakistan Government's decision once again to put off what should have been its first general election from the latest date agreed on, namely November to February of next year, quite possibly has no connection at all with the Canal Water dispute with India. On the other hand, a persistent incapacity for twelve years to organise an election does argue a kind of parallel petrification in the matter of another problem which on the surface is equally a purely technical one. Yet some of the more impatient Pakistanis are beginning to feel that even trying to maintain the Baghdad Pact without Iraq may be child's play compared with the Canal Water dispute with India. Without this dispute, they say, where would the administration be? For once it was solved amicably, the country would want a solution of the Kashmir dispute as well. The prospects for the present Karachi regime, without a number of intricate disagreements with India to keep it going, would be nearly as bad as if they were to hold a democratic general election.

From this reading of the state of Karachi's policies, it follows that a solution is hardly to be expected from the current negotiations taking place at the Commonwealth Relations Office between India, Pakistan and the World Bank. When the Bank first intervened in the dispute, both Governments welcomed its technical and mediatory assistance. But only India, not Pakistan, felt able to accept its remarkably simple, yet fool-proof proposals when they were first presented to both countries in 1954. The Bank proposal was to allocate exclusively to Pakistan the three western rivers, and to India the three eastern ones. Pakistan is dissatisfied because India is not condemned to pay a great deal more in cash, or tied down by numerous conditions. Most Indians believe that Pakistan is simply not interested in a final settlement.

The kind of persuasion the World Bank may bring to bear on the two sides is far more a matter of international politics than of finance, and should really be the State Department's headache. In the London negotiations, the

three parties are meeting at technical level, and have to consider problems like the water flow and the time and cost of building link canals. The negotiators are technical experts who believe the problems are not insoluble. Yet no one can feel confident that any agreements that may be reached in London will prove acceptable to Karachi.

### Bandaranaike's Challenge

IT is something of a surprise that Mr. S. W. R. D. Bandaranaike, the Prime Minister of Ceylon, has emerged from the recent communal troubles without his position as the country's leader having been weakened. Nothing could be more of a tribute to his wise moderation than the way he handled the hot-headed Sinhalese nationalist elements. He has, however, a very exacting task ahead.

Since the rioting died down he has again shown great courage in pressing forward with the means of placating Tamil demands about the use of their language, for it appears that the Prime Minister is still convinced that the Tamil population is in need of reassurances that they will not be treated as second class citizens. His recent consultation with respected Buddhist leaders about the form these reassurances should take ought to convince those who thought he had been tricked into signing last year's agreement with Mr. Chelvanayakam, the Tamil leader, that he is fully aware of the importance of Tamil cooperation.

It is unfortunate that many agitators among the Sinhalese have been able to spread the view that Mr. Bandaranaike was swept into power two years ago primarily to carry through the wishes of the Sinhalese people. The Prime Minister has shown, as any responsible leader should, that emergence into nationhood is not dictated by narrow religious or racial interests.

The Prime Minister's position is not an easy or enviable one. His party, the People's United Front, is the repository of widely differing opinions. Unity is difficult in such circumstances. Many of his Ministers publicly express opinions contrary to those of the Government and their

colleagues, and the extreme left in the party and in the Government has caused confusion by pressure for the nationalisation of foreign owned estates when it is obvious that the Government has not been able to make up its mind on the issue. Uncertainty has resulted in a loss of confidence by commercial interests, and there has been an alarming lack of new investment. Mr. Bandaranaike has denied that Ceylon is drifting into economic bankruptcy, but it is certain that the economic situation is acute.

This, of course, has a direct effect on the communal situation, because the basic cause of the trouble is economic. With the Sinhalese forming a good three-quarters of the 100,000 unemployed, although there are nine Sinhalese to every one Tamil in the 10 million population, there is fertile ground for agitation. The argument for making Sinhalese the only language, so as to exclude Tamils from Government and commercial jobs, is one which is easy for desperate, workless, people to understand. Language becomes the symbol of the fight for economic survival, but it is not enough to rid the country of the symptoms if the cause is left untouched.

This then is the challenge to Mr. Bandaranaike. He has to bring about political unity within the Government party, so that this administration can function with one voice and with one aim. Secondly, the fight against economic stagnation must become common ground for racial amity. And finally, he has to make it quite clear that agitation that is likely to split the country will not be tolerated, not even from the politically minded younger set of Buddhist monks who use the saffron robe to cover a multitude of misdeeds.

The Prime Minister has come through the recent bad times with added prestige. He should now be able to use it to good effect.

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### India in the Red

**O**F the many countries now applying for financial assistance from Britain, no one has a better case than India. The recent London meeting of Commonwealth financial officials to prepare for the autumn's Montreal Conference looked carefully into the problems with which India is faced. There is general agreement that the position is quite acute, and that by next month definite assurance must be given of the degree of assistance that India could count on from Commonwealth sources.

India's difficulties with external payments have been accumulating for the past eighteen months. They are due mainly to a heavy import under the Second Five-Year Plan of capital goods worth considerably more than India's

## Letters to the Editor

### CHINA AND THE WEST

Sir,—The seeds of war are sown long before the actual conflict takes place. Only when statesmen learn to take time by the forelock will war be eliminated.

In the case of China it may be said that the seeds of a future conflict were sown when China was humbled by the western powers about 100 years ago. Wars with Europeans, whom a Chinese Emperor in 1816 called "red barbarians," resulted in the cession of Hong Kong to Britain in 1842 and special privileges for foreigners in the "Treaty Ports" about 20 years later. Admittedly, the Chinese regime of that period was so decadent as to invite aggression. But Chinese intellectuals have a tradition of a Chinese civilisation far antecedent to that of Europe.

It is not surprising, therefore, that the new Chinese leaders, backed by 600 million people, object to being ostracised by the same "red barbarians" who invaded China a hundred years ago. By excluding them from the United Nations, and by constantly assuming an air of moral superiority, Western politicians

only intensify their fanaticism. A more tolerant attitude towards their natural ambition, and more trustfulness in the matter of trade, would disarm them, and help to promote sanity in a world, just now heading through hatred to lunacy.

Yours, etc.,

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C. E. COOKSON

### ARAB NATIONALISM

Sir,—What, for God's sake, is the matter with western statesmen, are they all nincompoops? How can they possibly justify their actions in the Middle East at this moment? We all know about self interest and how oil is important to the economies of the western industrialised nations, but can anyone explain to me how the present action by Britain and America in the Middle East can secure anything for the West among the Arab nations? Those who justify American intervention in the Lebanon by saying that we must go in to give confidence to our pro-western friends, really ought to have their brains tested.

The way to secure oil supplies is not to back up with bayonets unpopular and

discredited groups of pro-western sycophants. If self-interest is our motive then it is elementary logic that the first step is to shake off all those millstones round our necks, and come to terms with the real power in the Middle East—Arab nationalism. Red herrings like the hidden hand of Russia only become live, man-eating, fish when we realise that our actions positively invite Moscow to increase her interest.

Yours, etc.,

London, W.6.

JAMES MACINTYRE

### BUSINESS WITH INDONESIA

Sir.—How much can we trust the Indonesians not to treat British business as they treated the Dutch? It is all very well to justify former reactions to the Dutch people in Indonesia by saying it was a manifestation of nationalism. Is it not true that in Asian countries (Indonesia no less than others) nationalist feelings are directed against Europe and Europeans as a whole, not any one country in particular? What, in that case, could we expect to happen to British business ventures if something happened on the political level to upset relations between Indonesia and Britain. At the moment it seems the risks are very great.

Yours, etc.,

London, E.C.4.

M. N. BRISTOW

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— **S. T. SADASIVAN, General Manager** —

income from exports. The gap, which was to have been filled from the sterling balances and other foreign aid, has been greatly widened by the world economic recession with a consequent fall in India's foreign currency earnings. In order to reduce her foreign exchange needs, the Government has pruned a large number of projects in the Plan, but is determined that its "core" — steel plant and other heavy industries forming the base for industrialisation — must at all costs be adhered to.

India's commitments for the next three years to April 1961, amount to £670 million, £250 of which should be

covered by foreign exchange earnings and credits already arranged, leaving £420 million still to be found. Of this sum £215 million fall due by next April, which is the amount India will want in aid. To complete the picture, India's sterling balances stand at £177 million, with another £80 million held in gold by the Reserve Bank of India. The Government of India is prepared to exhaust these resources rather than default on commitments.

It would be sound business for Britain to help India. Of India's £670 million deficit, roughly half will be owed to Britain for goods already ordered. West Germany and Japan are the creditors next in importance though far behind Britain. Most of the Indian orders in the United Kingdom are assured by the Export Credits Guarantee Department, but without fresh resources coming into sight the Government of India would be cautious about increasing the country's foreign exchange commitments. The Commonwealth Finance Ministers at Montreal should therefore expect to be pressed to give a definite answer as to how much India may expect to get from the combined resources of the sterling area.

Some western circles, the *Financial Times* of London amongst them, have recently advocated the devaluation of the rupee as a remedy for India's financial difficulties. A number of contradictory reasons have been advanced for this.

The stark facts are: (1) India's imports of capital goods, required for the execution of the core of the Five-Year Plan, would become more expensive in terms of a devalued rupee. Certain capital goods were imported ahead of schedule because western manufacturers, faced with a steady fall in incoming orders, delivered supplies earlier than anticipated (and not because Indian importers believed in pending devaluation). (2) A devaluation of the rupee would lead to a reduction in export prices — in terms of foreign currencies — of Indian goods, thus decreasing India's earnings of foreign currency. It is more than doubtful whether the quantity of exports could be increased to the extent where total exports would earn more foreign currency than at the present rate of exchange. In addition, devaluation would mean the lowering of India's living standards. The present level is already dangerously low. (3) On the question of the flight of capital from India, Indian authorities feel that if necessary they could cope with this problem by administrative measures.

## TIBET TODAY

*By a Special Correspondent*

**U**NDER the impact of Chinese "socialisation" efforts the feudal character of Tibet, long a hermetically sealed lamaistic kingdom perched on the "roof of the world," is at present undergoing radical alterations. These efforts were started only seven years ago when Tibet became an integral part of China. Both the Dalai and Panchen Lamas and many prominent lamas and court nobles are cooperating with the Chinese authorities not only to develop, in slow stages, the Peking-planned Communist political and economic structures but also to stabilise a new social and cultural order which would blend harmoniously with the

transformation now taking place in China. The Working Committee of the Chinese Communist Party in Tibet and the Preparatory Committee for the Autonomous Region of Tibet are playing the leading roles in the execution of various reforms. Peking explains that the "liberation of the country means that Tibet has returned to the big family of the motherland and that it is enjoying the right of regional national autonomy under the unified leadership of the Central People's Government of China."

But since the "liberation" quite a few tribal clans, nobles, lamas and merchants have been opposing the



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"socialisation" plan. An underground "patriotic" movement called Meemang is in action and tribal partisan activities are continuing, particularly in the eastern area. Several groups of oppositionists have taken refuge in Nepal, Bhutan, Sikkim and in the Kalimpong area of India. In Kalimpong the dissidents have set up an emigré undercover "resistance committee" which is said to be maintaining close contacts with the Meemang. The Chinese forces in Tibet have refrained from resorting to large scale military operations against the partisans. They are conducting slow "pacification campaigns" to localise hit-and-run operations. Recently the Chinese Government informed the Governments of Nepal and India that arms were being smuggled into Tibet from these two neighbouring countries and that such illicit arms were being used by the partisans and the Meemangites. It requested the two Governments to take steps to prevent such smuggling. Nepali newspaper reports claimed that arms, mostly American rifles, were being smuggled into Tibet across the frontiers of India and Nepal and indicated that an American organisation was attempting to stir up trouble in Tibet and was in touch with the Meemang. Officially however the arms smuggling is regarded as a "very small affair." It is admitted that small quantities of outmoded rifles might have been bought by traders and sold to anti-Chinese elements in Tibet. Precautions have lately been taken by India and Nepal and the Chinese military authorities in Tibet to stop the flow of unauthorised arms into that region.

The activities of the Meemangites and guerillas and the existence of a silent resistance to reforms have made the Chinese authorities prosecute the socialisation plan on a

long-term basis. That is why it has been recognised that conditions are not yet ripe for carrying out sweeping reforms, the introduction of which will not get under way until 1963. During the 1958-1962 period "Tibet will carry out reforms suited to its specific conditions, so that it will enter socialist society step by step in accordance with its historical and social condition." The present reforms are aimed at the early establishment of a unified autonomous region of Tibet, development of industries including expansion of agricultural output, widespread introduction of socialist type of education and consolidation of the administrative power of the local Tibetan Government. Through these reforms it is hoped that Tibet by the end of 1962 will have generated all those conditions which are needed to gear its socialist development. Already the Working Committee of the Chinese Communist Party in Tibet, the Chinese garrison forces, the Preparatory Committee for the Autonomous Region of Tibet, the Han cadres in Tibet and the Tibetan cadres are working at full speed to realise the aims.

In the past seven years the Chinese authorities have trained 5,000 Tibetans who are now manning the various departments of the Local Government. The training programme is continuing to expand and the Tibetan cadres are thereby strengthened. Nagbou Ngawang Jigme, who, as the chief delegate of the Tibetan Government, in 1951, signed the "national liberation agreement" with the Chinese forces, is the General Secretary of the Preparatory Committee, of which the majority are Tibetans members. The Chairman of the Committee is General Chang Kuo-hua, head of the Working Committee of the Chinese Communist Party in

Tibet and commanding officer of the Chinese garrison forces. The two vice-chairmen are the Dalai and Panchen Lamas. This Committee is operating in close collaboration with the Office of the Central Chinese People's Government in Tibet headed by General Chang Ching-wu and the Local Government of Tibet, whose Secretary-General is a 50-year old influential lama, Thubetan Tenthar. As the concurrent Director of the Civil Affairs Department of the Preparatory Committee, he supervises the training of Tibetan administrative personnel. Next in importance are Surkong Wongching-Galei of the Local Government and Wangde, Deputy Director of the Office of the Panchen Lama in Lhasa. Shigatse in Lower Tibet, the traditional seat of the Panchen Lama, continues to be his headquarters. He went to Tibet from China when the Chinese forces entered the country.

In April the second anniversary of the founding of the Preparatory Committee was celebrated in Lhasa. The Dalai Lama in a message to Mao Tse-tung said that great progress had been made in "strengthening the unity between the Han and Tibetan nationalities." The Panchen Lama stressed that the Preparatory Committee would continue to "develop the spirit of anti-imperialism and patriotism." In May the seventh anniversary of the "liberation of Tibet" was celebrated in Lhasa and in several important places including Shigatse, Chamdo, Gyantse and Nagchuka. The Dalai and Panchen Lamas wrote articles in the *Tibet Daily* praising Chinese guidance and assistance. Speeches were delivered denouncing "local chauvinism and counter-revolutionary activities." It was pointed out that the Chinese Government had given voluminous financial aid and helped the region carry out several construction works and improve the living standard of the people. Special mention was made of the role of Chinese garrison forces as construction workers. It was reiterated that there would be no restriction on the freedom of religious belief, that the lamaseries would be protected and that the local customs, manners and habits would be respected. Finally it was announced that the defence of the Tibet region had been made "stronger than ever."

The Tibetan and Chinese authorities as well as the general masses are looking forward to the visit of the Indian Prime Minister, Mr. Nehru, to Lhasa and some other places. The visit has been arranged to take place in September. Although it is being said that Mr. Nehru is going to Tibet to return the visit of the Dalai Lama to India last year, considerable significance is being attached to his forthcoming sojourn. Obviously he wants to see personally how the integration of Tibet with China is going on. This will be his first visit to Tibet. It is reported that preparations are going on in Lhasa to give him a rousing welcome. It will be noted that there is a section of people in India who have not reconciled themselves with the "Chinese annexation of Tibet." They feel that Mr. Nehru has facilitated Chinese incorporation to gain the goodwill of the Chinese Government. Many of these people are believed to be giving at least moral support to the Kalimpong resistance committee and to the Meemang.

China is doing a very commendable job in improving the economic conditions of Tibet. Industries are being developed, agricultural reorganisation is being carried out, the transportation and communication system is being rapidly extended, illiteracy is being removed and health improved, and above all mineral surveys are being conducted to

utilise vast untapped resources. So far the surveys have revealed that there are more than 30 kinds of mineral resources of industrial value in Tibet. Besides precious metals, coal and iron Tibet is said to be rich in uranium. There is no doubt that preliminary exploitation of Tibetan mineral resources will be undertaken before 1962. When the envisaged industrial revolution takes place Tibet will become an important economic unit of China. Already it has been established that about two-thirds of the northern Tibetan plateau is very good cattle grazing ground. Hence plans are afoot to make the area China's major livestock breeding zone in the future. Specially picked Chinese families are being settled in Tibet to help the projected industrialisation of the region and to render smooth the Sino-Tibetan racial unification. The region therefore has become a reservoir for Chinese settlers. Tibet which has an area of about 12.3 percent of that of China has a total population of only about 1,200,000.

Many factories including an automobile repair plant, an iron works, bricks and tiles plants, saw mills and a chemical plant are now in operation. Hydro-electric or steam power stations have been built in Lhasa, Shigatse and Chamdo. Many Tibetan homes which once used yak-butter lamps or had no illumination at night at all, are today using electric light. Over 4,000 miles of motor roads have been constructed and many bridges built, some of them are remarkable feats of engineering skill. These roads link up all the major cities and towns and the principal agricultural, pastoral and handicraft areas which seven years ago were solely dependent on yak, horse and donkey caravans for the transportation of goods. They also connect Tibet with Chinghai, Sinkiang, Szechwan and other parts of China. A passenger air service is now running between Lhasa and Peking. Several airfields have been constructed both for civil and military aviation. Many towns and settlements have sprung up along the newly built highways. Nagchuka, a point along the Chinghai-Tibet highway where there were only a few cottages and tents before, today has become a town with banking, postal and telegraph, trading and health services. A free primary school has also been opened. New dwellings in great numbers have been added in Lhasa, Shigatse, Chamdo and Gynagtse. Industrial activities have given Lhasa a modern look. Its uninhabited northern outskirts are now dotted with factories and living quarters.

More than 500 species of farm crops and vegetables have been successfully cultivated by the three agricultural experimental farms located on the high Tibetan plateau. Corn has been grown in Shigatse, nearly 12,000 feet above the sea level. Tibetans are being helped by Chinese workers to develop agriculture and livestock breeding. There are now about 80 primary schools attended by more than 6,000 pupils. Last year the first secondary school was opened. Students are given free board, clothing and books. During their study period they get pocket money. There are now three well-equipped general hospitals and several smaller hospitals and clinics in Tibet. About 4,000 Tibetans are now studying in higher institutions in Peking and other cities of China. More Tibetans are being trained locally and in China as doctors, nurses, teachers, radio-operators, tractor drivers and skilled workers.

The China-geared economic revolution is gradually creating a new social consciousness. Radio, newspapers and cinema are gradually breaking the long-standing barrier of

backwardness. Public meetings, demonstrations and communal living are slowly eliminating social disparities. Political education and industrial training testify to the Tibetan ability to fit into changing conditions. It will take a considerable time for Tibet to develop all essential modern facilities. China is trying to promote a socialist revolution

from within by extending all possible aid. Since Peking's plans so far have been successful despite underground opposition and partisan operations, there is no reason why its ultimate aim of communising Tibet as an autonomous region inflexibly united with China should not be realised in the course of time.

## TURKESTAN IN TRANSITION

By O. Edmund Clubb (New York)

THE scheduled linking of China and the Soviet Union in 1960 by the Lanchow-Urumchi-Aktogai Railway will bring the two Communist giants closer together at the very hinge of their power, where western and eastern Turkestan meet. It is hardly to be doubted that the opening up of that transcontinental railway will create new fields of magnetic attraction between the Soviet and Chinese halves of Turkestan, especially where they have so many geographical and ethnic characteristics in common.

There are those who, observing Peking's swift moves to re-assert Chinese influence in Inner Mongolia, Tibet and Sinkiang, suggest that Communist China will in due course hurl its challenge across the Sino-Soviet frontier at Moscow's own authority — in Soviet Asia. The working out of the equation in Central Asia particularly will obviously take some time. However, there appears no probability that Peking could effectively challenge Moscow in that remote part of the world within the visible future. The power balance there is tipped against Peking.

One factor of great importance in the present situation is the time element. The Chinese Revolution antedates the Russian, but the Russians were the first to introduce revolutionary changes into the structure of their rule in Central Asia. Russian Turkestan, comprising the Soviet Republics of Kazakhstan, Kirgizia, Tadzhikistan, Turkmenistan and Uzbekistan, has an area of about one and a half million square miles. Its population of some 21 million people, of whom 6-8 million are Russians and Ukrainians, has advanced in terms of education, technological skills, and economic well-being. Today, thirty years after the inauguration of the first Soviet Five-Year Plan, it possesses a viable economy characterised by highly productive mining enterprises, an expanding agriculture, a growing industry, and a system of modern communications. The Soviets occupy a solid power position in Central Asia.

The Soviet Union is now beginning to reap the fruits of earlier economic efforts; the Chinese road ahead is long and hard. China is in an economic position notably inferior to that of the USSR whether in terms of natural resources or industrial power. In Central Asia particularly, the discrepancy in cultural levels and economic productivity between eastern and western Turkestan is too great to be speedily overcome. There is every indication that Peking intends to expand Chinese activity in eastern Turkestan — Sinkiang. It has long been accepted Chinese doctrine that the country's borderlands offered room for many of China proper's surplus millions of people. Sinkiang, with its 660,000 square miles, has a population of less than 5 million — of whom little more than 200,000 were Chinese ("Hans")

at the time of the 1949 "liberation." Why should not the Chinese fill that vast near-empty space as they did Manchuria in the first half of this century, and as they are filling Inner Mongolia now?

The map is deceptive: most of Sinkiang is too dry for agriculture; and where it is not, local inhabitants generally assert a prior claim. Chinese peasants cannot migrate *en masse* to settle in either the desert oases of the Tarim Basin or the semi-arid grazing lands of the Dzungarian Basin without infringing upon holdings of the present incumbents — Uighurs and Uzbeks in the south, and nomadic Kazakhs and Mongols in the north. Only the urban centres of government and industry lend themselves readily to Chinese expansion, but this alternative offers no solution to the Chinese population problem.

Under the guidance of the Chinese Communist Party (CCP) and its potent instrumentality, the People's Liberation Army (acting in the economic sphere as a "Production-Construction Army"), radical changes are being wrought in the Sinkiang countryside. The local peoples, sedentary oasis dwellers and nomads alike, are being "socialised." Agriculture is being collectivised, and all arable land is to be put to the plough. The exploitation of petroleum resources is going forward; mining enterprises are being extended; and an infant industry has appeared. The inauguration of railway traffic in 1960, and the parallel expansion of motor-road and air-line facilities, will automatically stimulate the forces making for change in the area. But Sinkiang is still no Manchuria: it offers no spare room for teeming millions of land-hungry Chinese peasants.

Here there enters a peculiar factor. The movement of Asian peoples aimed at wresting independence from "imperialists" and "colonialists" has become a mighty force in international affairs. Contemporary Communist doctrine supports such Asian nationalism to the utmost; it also asserts the right of national minorities, even within a Communist State, to political and cultural equality. Communist China's own programme for dealing with its minorities, based upon general principles established in the Common Programme of 1949 and promulgated definitively in 1952, in fact provides that all nationalities of China were equal, with equal rights and duties, and that regional autonomy is to be exercised in areas where national minorities are concentrated. The day of "Han domination" of China's minorities was deemed to have ended; China was viewed as "a family of nationalities." It was on the basis of that policy that, on October 1, 1955, there was established the Sinkiang Uighur Autonomous Region (SUAR).

From 1952 to 1956, the Peking régime combated

"Great Han chauvinism" (the chauvinism of the Chinese as the predominant *nationality*) and worked at implementation of its progress for extending China's minorities the promised autonomy. But the word "autonomy" is faithfully translated into Chinese as "self-government," and in 1957 and the present year it has become increasingly apparent, from developments in different parts of the country, that some minorities are all too ready to take their new rights literally. Mongols of the Inner Mongolian Autonomous Region (IMAR) were reported to harbour the sentiment that they would be better off if the Chinese were simply to depart. The Muslim Dungsans of north-west China, who had often in the past revolted against Chinese rule, were found hardening in the belief that China was not their fatherland. Tibet resisted socialisation.

Tibet has been granted surcease from Peking's "reforms" for the duration of the current Five-Year Plan. The IMAR Mongols are outnumbered seven to one by the Chinese inhabitants of the Region. The Dungsans of Kansu, Ningsia and Tsinghai are within easy reach of Peking's military might. But Sinkiang presents an issue which is more immediate and more difficult. Two conflicting forces have been set in motion: the Chinese surge eagerly westwards toward "the new frontier" (the literal translation of "Sinkiang") in Central Asia; but the indigenous Turkic peoples, possessed of nationalistic compulsions that have found expression in several attempts during the past century to set up an independent eastern Turkestan, have been moved to desire Turkic "autonomy" more than a metamorphosis wrought by Chinese "socialism."

After a period of preliminary skirmishing, the Peking Government turned loose some heavy guns. At the December 12, 1957 meeting of the CCP SUAR Committee in Urumchi, its Chairman the ex-rebel Uighur Saifuddin, delivered a report in which he characterised the growth of "local nationalism" among the minorities as being "the most dangerous ideological trend of the present time." He described that phenomenon generally as comprehending demands for expansion of the right of self-government, for the establishment of autonomous *republics*, and for outright independence. Some nationalists wanted Sinkiang to be re-named "Uighuristan Republic," some wanted the "nationalisation" of CCP organs in Sinkiang, others declared that life there was worsening because of the presence of the Hans, while "ultra-nationalists" had even worked for the expulsion of all Hans from the area. Saifuddin asked, "why talk about 'secession' and 'independence'?" The question of Sinkiang's status, he said, had been settled long ago: it was an indivisible part of China.

In February of this year a Nationalities Affairs Commission Vice Chairman, Wang Feng, dealt authoritatively with the issue of local nationalism in a long report delivered at Peking. His treatment paralleled that of Saifuddin, if on a broader level, but exposed the basic issue rather more nakedly. Some people, he said, opposed the Han "cadres" (political activists) and "re-settlers" (migrant peasants and workers); some viewed the Hans' efforts to aid the brother nationalities as attempts to "assimilate" the minorities; and, local nationalists criticised the CCP as being the party of the Hans and thus unable to represent the minorities' interests. There was a refusal, Wang Feng said, to acknowledge the "advanced situation" of the Han nationality, and an unwillingness to learn from, or accept help from, that nationality.

Wang Feng defined the issue: should it be nationalism, or socialism? His answer was, of course, "socialism." There was indeed equality for all nationalities, but the minorities were "not advanced" politically, economically or culturally. For the building of socialism, he ruled, the leadership of the CCP was indispensable. Wang Feng's words permitted only one interpretation: China's minorities may be "equal" to the Han nationality in theory, but they are not to be in practice. The Sinkiang situation points up Peking's dilemma: how can the chronic Chinese land-hunger be reconciled to the natural wish of the Turkic peoples to enjoy exclusive possession of their traditional home, how to cede autonomy to those alien peoples and still make them fit into a Chinese pattern of "socialism"?

The matter has a bearing on China's foreign relations. Can Peking voice ardent support of the "anti-imperialist struggle" of other Asian countries if, at the same time, it is forcing Central Asian peoples to accept total assimilation by the Chinese mass? And if it acts thus at home, will not its foreign-policy objectives in South-East Asia, Korea and Outer Mongolia be adversely affected?

The issue ultimately impinges upon Sino-Soviet relations. Official Soviet and Chinese policies regarding the treatment of minorities are at present nominally analogous, but Peking's current drive against "local nationalism" suggests that actual political practices are about to diverge more widely. Moscow's own period of difficulty with Turkic independence movements ended about 1924; and Russian Communist doctrine has not in any event ever condoned the physical *inundation* of minorities. Russia for nearly a century has shown a special interest in Eastern Turkestan; it can be no less interested now. Besides, given Middle East developments, Moscow today is unusually attentive to the nationalistic aspirations of Islamic peoples. Could the USSR champion the doctrine of self-determination in the Middle East and North Africa, and pretend not to see a major Chinese violence inflicted upon the "autonomy" of the Muslim Turkic nationalities of the Sinkiang Uighur Autonomous Region? It would have to pay a price both at home and abroad.

Turkestan for the present constitutes a bridge between China and Russia. When the Lanchow-Urumchi-Aktogay Railway is opened to traffic in 1960, the channel for the interplay of political and economic influences between eastern and western Turkestan will have been deepened. Expansive Chinese and Soviet interests now converge in Central Asia, where political forces have met in conflict upon historic occasion before. The present encounter is not to be viewed in isolation, apart from Sino-Soviet relations as a whole — but it is also not to be ignored as unimportant.

Peking and Moscow presumably hope that the close physical contacts will lead to more effective collaboration still; but the new focussing of interests in Central Asia could instead, given particularly the ferment of Turkic nationalism in Sinkiang, easily give rise to material strain in the Sino-Soviet relationship. Two conclusions appear warranted by present evidence: 1, with the Soviet and Chinese sectors of Central Asia in markedly different stages of development, the Soviet political pattern today must inevitably appear more attractive to Turkic eyes than Chinese "autonomy"; and 2, should a revived "Han domination" by its actions in Sinkiang challenge Soviet national interests, Moscow and not Peking would probably emerge from the ensuing contest as winner.

# International Aspects of the Indonesian Scene

By Justus M. van der Kroef

THE causes of the present rebellion, it seems well to emphasise, touch directly on Indonesia's foreign policy.

One such cause which has not received adequate attention is the different attitude taken by the rebel leaders and by Jakarta toward the Dutch and their holdings in Indonesia. It may be recalled that in the first week of December, 1957, the Indonesian Government announced that eventually all Netherlands in the country would have to leave and — after the occupation of Dutch offices and business establishments by radical labour, veterans' and students' groups — placed Dutch enterprises in Indonesia under a degree of official supervision just short of outright "nationalisation." (Dutch business interests have asserted that the degree of control now exercised by official "councils" over their operations amounts to nationalisation in fact, and that with government sanction, Indonesian businessmen have taken over Dutch enterprises without paying any compensation). All these measures stemmed from continued Dutch control over Irian, (West New Guinea), which Indonesians claim as part of their national territory, and from the failure of the United Nations Assembly to support Indonesia's claim.

Among a number of Indonesian leaders there was immediate apprehension that the measures taken by the cabinet of Dr. Djuanda, the Prime Minister, against the Dutch would have the direst economic consequences for the nation, and that, moreover, the questionable legality of these measures would greatly prejudice Indonesia's position in the eyes of investors abroad. Among these leaders was not only former Vice-President Mohammad Hatta (who in a widely publicised article in the Jakarta daily *Pedoman* on December 28, 1957, severely criticised the Djuanda Government for its inept handling of the anti-Dutch campaign and the hardships it caused among the Indonesian people) but also Sjafruddin Prawiranegara, former Governor of the Bank of Indonesia and now premier of the rebel "government." Early in December, 1957, Sjafruddin had sharply criticised the illegality of the measures taken against the Dutch. This did not make him popular with radical nationalist and Communist groups in the capital. There can be no question that by its anti-Dutch campaign the Djuanda Government unleashed dangerous forces of mass irrationality and irresponsibility, which quickly translated themselves into a campaign of intimidation directed against those Indonesians who counselled moderation and obedience to the rule of law. As the capital seemed to have become a political battleground for all manner of extremists and as the national economic crisis deepened, Sjafruddin left Jakarta for Sumatra, because, as he put it, he did not "wish to die for nothing or to fall victim to wild beasts in human form." In the Palembang daily *Batang Hari* on January 21, 1958, Sjafruddin addressed an open letter to President Sukarno. After describing the terrorism and political anarchy that had come to prevail in the capital, Sjafruddin urged Sukarno to return to constitutional principles of government. In line with the latter admonition he pointed out:

"During the National Reconstruction Conference of Decem-

ber 4, 1957, I warned of the dangers in the application of the measures . . . looking toward a precipitate dispossession of or assumption of control over Dutch interests in Indonesia. I objected to these measures not only because they violate the Constitution and international law, but also because they constitute a direct threat to the existence of the republic. The economic life of the people and the state is not only for a large part (in my estimate of from 30 percent to 40 percent) dependent on the economic activities of the Dutch, but the difficulties ensuing (from the implementation of anti-Dutch measures) would accelerate the process of disintegration which has begun with the political movements in the provinces."

Other rebel spokesmen have indicated their interest in a continuation of Dutch economic operations in Indonesia. J. M. J. Pantouw, an Army major and businessman from North Sulawesi, who was a member of the rebel delegation that presented President Sukarno with its demands during Sukarno's visit in Japan early in February, 1958, declared in an interview with the Tokyo press that the enforced evacuation of the Dutch from Indonesia "was a serious and cruel mistake."

"We need Dutch ability and capital to build up our country. . . . We regard neither Dutch business life nor Dutch capital as a threat to our independence and as soon as we have taken over the government we will exclaim: 'welcome back' to the Dutch."

It is also known that Professor Sumitro Djojohadikusumo, one of Indonesia's most able economists and now Minister of Trade and Economic Affairs of the rebels, visited the Netherlands in the last week of January, 1958, and there conferred with Dutch Government officials. Sumitro also visited other European countries. All this has aroused speculation as to the apparently not inconsiderable financial resources of the rebel regime.

But it would be unfair as well as grievously incorrect to taint the rebel regime in Indonesia with the brush of "colonialism" because of its more moderate attitude towards the Dutch. All of its members distinguished themselves in one way or another during the Indonesian revolutionary struggle against the Dutch (1945-1949). It is rather that they belong to that segment of the Indonesian political, intellectual or military leadership not in sympathy with the campaign of xenophobia and enforced "Indonesianisation" of economic life that have been strong in the country since the first cabinet of premier Ali Sastroamidjojo (1953-1955). Given the realities of the Indonesian economy the rebel leaders feel that aid from abroad, not just in the form of limited credits or barter agreements but rather a sustained and accelerating programme of capital investment, is absolutely essential to future growth and that Indonesia is able to channel this flow of foreign capital where it is most needed. In this opinion the rebel leaders are not alone; responsible economists in Indonesia have argued that:

"Given the relative paucity of domestic money savings, with foreign exchange reserves also limited, it is an undisputable fact that necessary investment must be sought in foreign capital. The conception that utilization of foreign capital must necessarily result in economic drainage and should therefore

emphatically be discouraged is not true." (Ali Wirdhana in *Ekonomi dan Keuangan Indonesia*, Djakarta, October, 1957, p. 713).

While it is true that the Djuanda Government is in theory sympathetic to directed investment from abroad, critics point out that the threat of nationalisation is inherent in present foreign investment legislation, while recent measures against Dutch holdings are hardly calculated to increase a sense of security in foreign investment circles, indispensable to a steady flow of capital to Indonesia. Influential political and military figures beyond Java not necessarily identified with the present rebel regime, also feel that a greater measure of decentralisation should exist in the present investment programme and that regional autonomy in fiscal matters ought to be accompanied by similar autonomy in attracting and guiding investments for local development. It appears that some provincial leaders, even before the recent rebellion broke out, sought credits and investment capital from foreign countries on their own authority, although the Indonesian Government has sharply warned against such practices.

In this connection one cannot help wondering about a curious anomaly in the Indonesian Government's attitude toward foreign capital and foreign enterprises in the country. Import-export concerns, utility and manufacturing plants, and estates, be they of Dutch or of any other non-Indonesian nationality, have found their operation increasingly ensnared by government "red tape," changing fiscal procedures, a fluctuating exchange rate, and government-approved labour radicalism. The very presence of these foreign enterprises is the object of continuous agitation by ultra-nationalist and left-wing extremists who keep the banner of "anti-colonialism" forever unfurled.

Yet, at the same time the central Government has accorded a whole range of special privileges to the major oil producing companies in Indonesia, especially those operating in Sumatra. The American oil companies in particular (Caltex, Standard-Vacuum) enjoy a favoured position. With a total export volume of both crude and refined oil in 1956 of more than 10 million tons, valued at about 2.6 billion rupiah, and with the central Government depending on oil exports for about 8 percent and up of its annual revenues, the significance of the oil industry can hardly be questioned. Yet, even here the central Government has been inviting disaster. An important oil field in North Sumatra belonging to the BPM, a subsidiary of Royal Dutch Shell, has been nationalised, despite workers' protests and the obvious lack of capital or technical skill to insure full production. Even the American Companies are encountering difficulties. Standard-Vacuum has been refused the right to make new explorations for future exploitation, and while its new oil field, Lirik, will bring about a slight increase in production, the Djakarta daily *Indonesian Observer* reported on February 1, 1958 that "the company has reached the stage of diminishing returns in crude oil production." It is precisely this haphazard situation in economic planning, along with the central Government's indecision in reaching definite policy principles in the whole field of economic development including the role of foreign capital (for fear of arousing the volatile extremism current in Javanese political life) that has aroused so much opposition to the national Government in the outer areas and also lies at the roots of the present insurrection.

Ever since the outbreak of the rebellion the national

Government has complained that most of the foreign reaction has been in favour of the rebels. On March 20, 1958, for example, premier Djuanda declared that "for the greatest part reporting in the foreign press reflects the position and the pronouncements of the rebels as though the (national) Government were influenced or supported by foreign elements." The Government seems particularly incensed over the posture of official "neutrality" assumed by some of Indonesia's closest neighbours, like the Philippines, Malaya, Singapore and Thailand, since such a position can only imply *de facto* recognition of the rebel regime. There is no denying that considerable public sentiment in the countries named favours the rebel cause. Philippine (acting) foreign secretary, F. Serrano, has declared that the Philippine Government "will not disturb" the activities of a number of rebel leaders in his country since they are in no way carrying on "any undesirable activity." President Carlos Garcia of the Philippines has also reputedly stated that he would consider granting sanctuary to a rebel government in exile; although he denied the rebels the use of the Philippines as a base for hostile operations. Meanwhile, one Sesinando de la Diana, a former corporal in the Philippine Army, has placed himself at the head of a group of 100 volunteers to help the Indonesian rebel regime. All this, added to the news that Manila (like Singapore) is rife with adventurers and would be financiers willing to serve the rebels, that some outspoken anti-Communist Filipino businessmen are said to be sympathetic to the rebels, and that future guerilla activity is being planned via the southern-most islands of the Philippines, has strained official relations between Indonesia and the Philippines very badly.

A declaration of "neutrality" by Singapore's Chief Minister, Lim Yew Hock, the evident asylum which rebel leaders seem to be enjoying in Singapore, and the alleged involvement of Singapore business interests in the rebel resistance in Sumatra have not done Indonesian-Singapore relations much good either. The Indonesian Government has protested the statement of an official of the Singapore Ministry of Commerce and Industry that a national Indonesian Government application for purchase of high octane fuel could not be considered since such fuel is to be regarded as "war material," but with little result so far. Malaya's Prime Minister, Tunku Abdul Rahman has declared that he would not allow the entry of rebel leaders into his country, but he also affirmed his "neutrality" in the dispute. Rahman's popularity in national Indonesian Government circles has also suffered because of an interview he gave to a Dutch journalist shortly after the Indonesian Government's measures against the Dutch and their holdings. In this interview the Malayan premier repeatedly declared that Dutch technicians of all types and Dutch investments would be very welcome in Malaya, and that in principle, it was quite possible to consider the immigration into Malaya of Netherlanders expelled from Indonesia (*Elsevier's Weekblad*, Amsterdam, January 2, 1958). Finally, both Singapore and Malaya have been accused by the Indonesian Government of condoning the smuggling of Sumatran rubber to their markets, so that the national Indonesian Government is deprived of millions of rupiah of export revenues. Unlike Thailand, whose "neutrality" declaration reflects the staunch "anti-neutralism" and anti-Communism befitting one of America's principal Asian allies, Singapore's covert sympathy for the rebels seems more motivated by the economic opportunities that the civil war in Indonesia offers, while

Malaya's position is dictated by the delicate problems of the aftermath of the "Emergency," and also by economic self-interest.

Indonesia's smuggling problems, inseparable from the larger issue of the Government's ability to establish effective control throughout the country, has caused her to strike out boldly in search of solutions. On November 16, 1957, the Djakarta Government announced that henceforth all the seas and waterways between the islands that make up the Indonesian Republic would be considered to fall under Indonesian sovereignty. This alteration of the traditional three mile territorial water limit aroused immediate opposition in western countries, but the Indonesian position acquired forceful support from the fact that Dutch war ships have been hovering close to the Indonesian islands, and that the brisk international smuggling trade could not be effectively dealt with unless Indonesia's peculiar geographical structure as the world's largest nation archipelago would be taken into consideration.

Almost from the outbreak of the rebellion in mid-February, 1958, national Indonesian Government spokesmen, including President Sukarno, Premier Djuanda and various Cabinet members have either openly or by implication asserted that "foreign powers" are aiding the rebels. Since the extent and the nature of the rebels' financial resources are not known, the material proofs of this charge have been confined to two categories, counterfeit money and arms. Well before the present crisis Tawao, in British North Borneo, has been repeatedly identified by Indonesian Government spokesmen as the source and entrepôt of counterfeit Indonesian paper currency, and of a brisk smuggling trade, which is even said to involve a traffic in women. Late in March 1958, Indonesian attorney general Suprpto announced that forged currency found on captured rebels was "printed abroad," though he declined to name the country involved. It is widely believed that the sources of the rebel counterfeit currency are a number of Overseas Chinese business interests, located in British North Borneo, the Philippines and Formosa, and politically close to the Nationalist Chinese Government. Formosa has also been singled out by the national Indonesian Government as the source of some of the arms that have been dropped to rebel forces in Sumatra.

The whole question of Formosan support for the Indonesian rebels is, of course, but an aspect of the larger issue of Cold War ramifications of the civil war. Indeed, the rebels themselves have made this a primary reason for their disavowal of the central Government. "We do not want to be killed by Russians," rebel premier Sjafruddin stated in an interview with a correspondent of the *New York Times* in Bukittinggi, Sumatra, on March 22, 1958. "We started the revolutionary government," Sjafruddin went on, "to prevent Indonesia from being colonised by Russia through Sukarno." The antagonists of the Cold War have responded unequivocally. The rebel movement, declared *Pravda*, was instigated by "stooges of the imperialists," who are in the pay of SEATO, and Peking has faithfully followed this line. The US Government, by word of Secretary of State John Foster Dulles, at first let it be known that it was not without some sympathy for the rebel leaders. Even before the rebellion formally broke out, Dulles declared on February 11, 1958, that the US would prefer to see in Indonesia "a government which is constitutional," rather than "a kind of 'guided democracy' trend there now which

is an evolution which may not quite conform with the provisional constitution and apparently does not entirely satisfy large segments of the population." Other American gaffes, such as the attempt to brand the anti-Dutch campaign as Communist inspired, and the fumbling of the US mediation efforts in the Dutch-Indonesian crisis, already had caused American prestige to fall deeply. At a time when Cold War tensions seem to be lessening somewhat in view of a possible summit conference, US policy in Indonesia appears to have the unfortunate result of heightening them.

The civil war, it would seem, has tended to increase the dependence of the present national Government on the Communists, who have urged from the beginning that the rebels be destroyed. The influx of Soviet technicians, small arms and vehicles in line presumably with the \$100 million Soviet aid programme for Indonesia has aroused apprehension in the ranks of moderates who still hope for compromise. At the same time the political instability and economic deterioration of the country make western powers less inclined to grant Indonesia further assistance or to expand the scope of their Indonesian business operations, so that in view of her pressing difficulties Indonesia cannot afford to refuse Soviet willingness to help. Recent political developments suggest therefore, that the national Indonesian Government is moving more and more into the direction taken by the United Arab Republic and that President Sukarno may in fact become something like the Nasser of South-East Asia. The opposition, within Indonesia, to such a drift — even if the present rebellion is crushed — suggests the enduring presence of Cold War tensions in the country, and the dangerous divisions in her national leadership.

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## ASIAN SURVEY

### THE FUTURE OF SAMOA

*From James S. Gregory (Apia)*

**N**ATIVE political evolution in Samoa was crystallised about a century ago, when traders began to seek support for their activities from their governments—Britain, Germany, and the USA. After a period of rivalry, agreement was reached whereby Western Samoa became a German colony while the United States took the minor eastern portion, mainly the little island of Tutuila, where the excellent harbour was made into a naval base. Germany ruled Western Samoa firmly and efficiently, and plantations established before the first World War still provide the territory with one of its major sources of wealth. As a League of Nations Mandate under New Zealand, inexperienced in colonial administration and lacking qualified personnel, both firmness and efficiency disappeared, being replaced by a bureaucracy that goaded the Samoans into a combination of passive resistance and open rebellion lasting from 1920 to 1936.

Since the second World War, New Zealand has administered Western Samoa as a Trusteeship Territory of the United Nations. Assisted by revenue from good prices on the world market for Samoan copra and cocoa, some progress has been made in education, health and public works; but the administration has been forced to meet the real and imaginary complaints of the Samoan chiefs, the only politically vocal people in the country, by constant concessions. Thus improvisation has taken the place of policy and planning. This came to its logical conclusion at the end of last year, when a new Legislative Assembly was created, composed almost entirely of chiefs who had been chosen in the various districts by their fellow-chiefs. The members of this Assembly elected Ministers and it is hoped that by 1960 a Samoan Prime Minister will head the Cabinet. The New Zealand High Commissioner will be replaced by two, not one, Heads of State, because rivalry between the two highest chiefs and their families, the cause of fierce wars a century ago when their ancestors were fighting for supreme sovereignty, has still not been resolved. Two Heads of State and 46 paid members of parliament for a population of 90,000 will be Western Samoa's contribution to the ideal of self-government for the peoples of the South Pacific.

One of the first actions of this new Samoan government, last January, was the dismissal of 200 teachers from government schools, (nearly half the entire staff). Similar drastic reductions were made in the staffs of the main hospital and the various government departments, while all new public works development was stopped. There was not enough money in the Treasury. A proposal to increase import duties, the only method of securing immediate additional revenue, was rejected by the Legislative Assembly after weeks of discussion, the scope of which was gradually widened until there was more recrimination against individual New Zealand officials and the white man in general than constructive proposals for the future. One high-ranking chief was heard to boast that when complete independence was attained, every foreigner would be driven out of the country, beginning with the New Zealanders.

More than a year ago, Samoan politicians had been warned of impending disaster due to falling copra prices and the failure of the Samoan chiefs to implement policies designed by New Zealand agricultural experts to increase production. A rapid increase in banana exports, largely the result of the work of a few New Zealand enthusiasts in the Department of Agriculture,

has prevented even further decline; but the year's copra crop is likely to be less than half that of 1957. Proposals for new harbour installations, the construction of an international airport and other facilities to promote the tourist industry have all been rejected because the chiefs fear that any extension of what they call "European influence" will weaken Samoan traditional custom and consequently undermine their power and prestige.

The root of Western Samoa's difficulties lies in the system of government by high-ranking chiefs, developed by the New Zealand administration into a semblance of parliamentary democracy. The members of the Legislative Assembly claim to represent the lesser chiefs who rule the villages as heads of Samoan families—large groups of close and distant relations. It is true that these lesser chiefs are chosen by the family-groups—but only by the older men. The younger men and women have practically no voice in Samoan affairs at either national or village level. They have to provide food, clothing, housing and even money for the chiefs, whose orders they are bound to obey; yet they do not even hold the title to the land which they cultivate. That is vested in the chiefs. This is in a country where more than half the population is under twenty years of age. Most of the young people have had a primary education and a minority have attended secondary schools. They yearn for a more active and varied life with more of the material blessings of civilisation. Under the present system, however, there is no incentive for them to produce much more than a bare subsistence minimum, for any surplus is likely to be taken by the chief and disobedience may result in an entire family being driven out of the village. If a man works hard to develop his plantation, he cannot be certain that his family will reap the benefit. At his death, the chief has the power to reallocate the land and it may well go to some of his relations or close friends.

New Zealand asserts that the chiefs represent the only voice of the Samoan people. In fact, no attempt has been made to seek out and encourage other voices. Modern methods of mass adult education in the villages, using the radio, the cinema and other means, have not been tried. Almost nothing is printed in the Samoan language. There is virtually no village youth club activity, so that young people spend their evenings in utter boredom. Many of the crimes that come before the courts are committed by young people and are concerned with rape, assault and the effects of home-brewed liquor.

On the verge of bankruptcy, Western Samoa faces complete and independent self-government in 1960. New Zealand's recently elected Labour government shows no signs of leaving the course charted by its predecessors, and the only hope of any change lies with the United Nations Trusteeship Council which is discussing Western Samoa's future at the time this appears in print. The territory is represented at this meeting by three High Chiefs, two of whom are believed to favour continuation of the present system of rule by themselves and their fellows. The third is possibly the only progressive Samoan politician with some understanding of the needs of his people. He advocates universal adult suffrage and the leasing of unused land to young men who want to cultivate it. He has organised a powerful cooperative union of plantation workers and has the support of many thousands of the "untitled" men in the villages. He has proved that with encouragement and leadership, the ordinary Samoan villager is capable of making intelligent

decisions and uniting for matters of mutual benefit. Should his policy be supported by the Trusteeship Council, a difficult path still lies ahead for Western Samoa; but it will be based on democracy, offer hope and incentive to the younger men, and thereby inject new life into the moribund economy.

A complete and rapid change of the system of land tenure is hardly practicable or desirable, since it would destroy the fabric of village life; but allocation of new land outside the villages, of which there is plenty in Western Samoa, would provide an outlet for any of the younger men who prefer individual initiative to the restrictions of communal life, while representation in parliament would give them some voice in their country's affairs. The influence of the chiefs would not be destroyed, but in order to maintain it, they would have to depend more on their ability as leaders and less on power based on tradition. Otherwise, stagnation and the poverty that will result from a population which will double in size in the next 20 years will be the least of the evils awaiting these beautiful islands, which Nature has endowed with a soil and climate capable of supporting a rich and diverse agricultural economy. The worst that could happen—predicted by some old-timers among the small European population—is armed violence, conflict for sovereignty and power among the high chiefs, with the young untitled men taking sides according to which leader they imagine will improve their lot.

## Malaya

# Ten Years of Emergency

*From our Kuala Lumpur Correspondent*

Malaya has now dragged her weary way through ten long years of emergency restrictions, from mid-1948 to mid-1958, and still they continue in about one-half of the country. The other half is now what is known as "white" and there, all forms of restrictions have been lifted because the terrorists have been eliminated.

The tenth anniversary passed quietly, in fact, unnoticed. Yet, so very much has happened since that morning in mid-June 1948, when a gang of a dozen Chinese terrorists entered Elphil rubber estate, near Sungei Siput, in north Malaya, tied up the manager, Mr. A. E. Walker, outside his bungalow and riddled him with Sten gun bullets.

Thirty minutes later that same morning, the same gang grabbed another two British rubber planters, Mr. J. M. Allison and Mr. T. G. Christian, on Phoon Sin estate, nearby, and similarly murdered them after they had been tied to chairs. A shocked Malaya that noon-time listened as the story of the three murders was broadcast over the air and appeared in the afternoon newspapers. Before evening, emergency regulations had been introduced in that district and three other districts in Johore State. A few days later, the whole country was placed under a state of emergency.

There is no doubt that had it not been for the indomitable spirit of the people on estates and tin mines, bosses and labourers, who remained at their posts, plus the tremendous response to the call for special constables, large areas of Malaya might well have fallen under Communist control in those early days.

Today the terrorists are beaten. From a force of 11,000 armed, well-equipped men and a few women in 1950 and 1951, at the height of the emergency, these figures have now dwindled to a ragged, hungry bunch of about 1,400, scattered in small gangs, out of contact with each other, miserable and disillusioned.

More than 6,550 terrorists have been killed since the emergency started, more than 2,790 wounded, 2,090 surrendered, 340 wounded and captured and 930 captured.

On the other side of the balance sheet, 2,468 civilians have been killed, 1,385 wounded and 807 are missing. The police and home guards have lost 1,334 killed. Comprehensive figures of security forces killed are not available.

Now in mid-1958 almost the full circle has been made. The emergency is probably nearly over but there is still the need for all Malaysians to be on their guard against the Communists trying to take over this country again, next time perhaps by using a more subtle method—infiltration into spheres not open to them in 1948, such as politics.

But when the 10th anniversary of the start of the emergency dawned here, there was only one topic of conversation throughout the land—badminton. Wherever Malaysians congregated they talked badminton and why, and how, and who was responsible for this country losing the coveted Thomas Cup, symbol of world supremacy. For ten years, Malaya has had the accepted world champions; they were cock-a-hoop, confident and self-assured that the best players of any other country in the world were only "half as good" as the Malayan champions. Thus the shock of losing to Cup to Indonesia, followed by another shock a week after when they lost the Malayan championship to Siam, has come hard to bear for the Malayan people. In the short space of three weeks Malaya fell from the summit to a third or fourth rate country as far as badminton is concerned. It has hurt the Malayan pride tremendously. If Malaya hopes to win back the Thomas Cup again in 1961 from the Indonesians in Djakarta, Malaya's badminton players will have to pull up their socks a long way.

Also looking ahead, experts here believe that by 1965, if all goes well, Malaya should regain her position as the world's largest producer of natural rubber. At the moment, Indonesia is the largest single producer of rubber with Malaya narrowing the gap year by year. In 1951, for instance, Indonesia's total production was 814,000 tons, while Malaya lagged far behind with 605,000 tons. Last year Indonesia produced only 684,000 tons while Malaya's figure had risen to 645,000 tons.

For the last several years Malaya has been going ahead as fast as possible with the replanting of high yielding rubber and this is why production is expected to shoot Malaya's output far beyond what Indonesia can produce. A high yielding rubber tree can produce three times the quantity of rubber compared with an ordinary tree. But replanting is a costly business for either large estates or smallholders, insofar as large tracts of land have first to be cleared, new high yielding trees planted and then there is a wait for seven years before these reach maturity and can be "tapped." In the meantime rubber production is being lost, for millions of trees have been destroyed and uprooted to make way for the new ones.

However, economists maintain that in the long run the advantages will greatly outweigh the fall-off of production during the waiting period. From 1960 Malaya should begin to feel the benefit of the various early replanting schemes. After that the rate of production should rise, sharply each year as many more thousands of acres reach maturity. What sort of developments are going on in Indonesia, however, are not known. But rubber experts here are certain that with the internal unrest in that country only a limited headway has been made with replanting.

A recent statement by Singapore's Chief Minister, Mr. Lim Yew Hock, to the effect that in five years the Colony would merge with the Federation of Malaya has been received here as "logical." Both politicians and businessmen feel that a merger of the two territories is inevitable. The only differences of opinion arise on the question of timing.

Malaya's Prime Minister, Tunku Abdul Rahman, has time and again made it clear, however, that when a merger does materialise, Singapore would only be accepted as a unit, just

the same as the other eleven States in the Federation. Singapore could not join as an equal partner to the Federation.

The general feeling in Kuala Lumpur is that until there is political stability in Singapore the less said about a merger now, the better. Malaya is reaching the end of its first year of independence with flying colours despite the world recession in prices of tin and rubber causing many development plans to be shelved and economies made in all directions. The last thing the Federation wants at the moment is any trouble from Singapore.

## Ceylon

### The Root Cause

From Joe A. Perera

(EASTERN WORLD Colombo Correspondent)

The worst of the communal riots in Ceylon are over. But the battle scars on both sides of the language barrier are still sore. It will take a considerable time and wise statesmanship to bring a sense of unity to the country. Mr. S.W.R.D. Bandaranaike and his Socialist Government now face the herculean task of not only rebuilding the nation from the debris of the communal riots but of also accelerating the pace of the economic development, which has received a severe setback because of the riots and earlier strikes.

The Government has restored peace and normality in many

spheres of life in the country with the aid of the iron hand of emergency powers. It is premature to speculate whether or not this enforced calm is a lull before another storm. But, it is now certain that only if the Government continues to be firm and deal short shrift to extremists of all quarters, will it be possible for this calm and peace which has been enforced by draconian measures, to continue after the emergency is lifted. The expulsion of Mr. S. D. Bandaranaike, MP, a founder member of the Prime Minister's Socialist Party, from the Government Parliamentary Group, is an indication of the Premier's determination to deal firmly with extremists in his own ranks, even though they be his staunchest supporters. If the Prime Minister's determination continues, then it augurs well for the future; free of rabble rousing, fanatical communalists and neo-ultra nationalists.

The Governor General's Throne Speech delivered at the opening of the new session of parliament was received with mixed feelings in the various political quarters but most notably among the Tamils. A major pronouncement on Government policy was that it would introduce legislation soon, for the "reasonable use of the Tamil language, while maintaining Sinhalese only as the official language of the country." This promise failed to evoke any enthusiasm from the majority of the Tamils. The Government further aggravated the fears and suspicions of the Tamils by failing to make mention in the Throne Speech of the proposed Regional Councils which was an important provision in the Bandaranaike — Chelvanayakam "Peace" Pact, which was abrogated last May. These Councils aimed at decentralising the central administration of the Government, were the alternative to Federalism. The Government offered these Councils to the Tamils in the Language Pact. But, now the Government's decision to omit any reference to these in the Throne Speech is an indication that this scheme has been shelved, possibly for consideration later on.

The proscribing, by the Government, of the Federal Party, the largest party representing the Tamils in the Northern and Eastern provinces, has left the Tamils without a larger portion of their representation in the country's legislature. The entire parliamentary group of the party comprising ten MP's and one Senator have been placed under house detention. Now that the Government does not recognise the Federal Party it has created another problem for itself. Who is it to recognise as the accredited representative of the Tamils? With whom is it to negotiate as to the definition of the "reasonable use of Tamil"? It is likely the Government will not consult any Tamil Group on the subject but will introduce the Reasonable use of Tamil Bill on the lines already decided upon by the Prime Minister and his Cabinet. Although this step is being taken more or less arbitrarily, the Tamils may expect some measure of justice to be meted out to them, because unlike previous occasions the Government will now be able to address itself to the problem dispassionately without being intimidated by pressure groups. This must be the first task of the Government in rebuilding the nation for if its aim is to create the conditions for the emergence of a Ceylonese nation out of the welter of communal politicking which led to the present crisis. It must then act without delay in solving of the language problem.

It is now apparent that this solution can only be found by strong and courageous action and not by the hesitation, vacillation and procrastination which has characterised Government action in the past. As far as the Tamils are concerned it is on the cards that they will be more than satisfied if the Reasonable use of Tamil Bill will grant them three concessions. (1) For Tamil to continue to be their medium of education; (2) For them to use Tamil in correspondence with the Government; and (3) for Tamil to be made the medium of examinations for entrance to the public service.

It is the opinion of level headed politicians, including many in Government circles, that it is still possible for the Government to grant these concessions and maintain Sinhalese as the only official language of the country. Sinhalese extremists how-

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ever, are opposed to it on the grounds that if these concessions are granted to the Tamils, they will continue to be disproportionately represented in the Public Service. It is this objection, which is in fact the root cause of the language issue, which in itself can be interpreted as an economic one. The Tamils whose numbers are just over a million have by dint of hard work secured prominent positions in the Public Service, the professions and business and the mercantile organisations. They comprise about 40 percent of the Public Service, which is far in excess proportionately of their population strength. It was hoped that by the introduction of the Sinhala Only Bill, it would be possible for a larger number of Sinhalese to be given an opportunity of securing employment.

There are over 100,000 persons unemployed from the middle and working classes. Of whom about 80 percent are Sinhalese and Sinhalese educated. Sinhalese extremists believe that these persons can be found employment only if the Government adopts Sinhalese as the only official language, thus giving the Sinhalese unemployed an advantage over those of other racial groups in finding jobs, especially in the Government sector. Similar attempts have been made to fan religious dissension in the country because again non-Buddhists — Christians, Hindus, Muslims, and the minorities — have proportionately more of the jobs than Buddhists.

These problems are therefore primarily economic. It would be both dangerous and disastrous for the Government to attempt to solve them on a purely communal or religious basis. If these economic problems, the chief of which is the unemployment, are solved satisfactorily, it would go a long way towards solving the language problem too. If the large numbers of unemployed are settled permanently with jobs, then it would prevent them from being used by unscrupulous politicians with a flair for mob psychology. Similarly, if steps are taken by the Government to find work for idle hands among the large numbers of shanty dwellers, hawkers and criminals, then it would help them to live as decent citizens, and not become the prey of communal fanatics for the price of their daily bread.

No one apart from the extremists would like to see the country go through the communal nightmare again, which seriously dislocated the life of the country and left a bloody trail of unforgettable memories of over 200 deaths, of over 2,000 incidents of arson, looting, assault and rape, and of over 10,000 families turned into refugees. The task facing the country today is how best it can march forward towards a real and permanent understanding between the two major communities — the Sinhalese and Tamils — the kind of easy and cordial relationship which existed when the Sinhalese and the Tamils cooperated and fought shoulder to shoulder in their national struggle for independence.

Senator M. H. W. de Silva, Minister of Justice speaking on the Throne Speech debate in the Senate gave a welcome assurance to the country when he said, "It is the purpose of the Government, it is the object of this Government to give each man whether he be Tamil, Muslim, Sinhalese, Buddhist, Roman Catholic or anyone else, the full enjoyment of his liberty. If it does not do that, it does not deserve to be in power." This statement has been applauded not only by his fellow Senators but by everyone in the country who stands for a united Ceylonese nation.

The Government is faced with the task of not only pushing ahead its economic plans but also of fighting national bankruptcy. The productivity of the country has declined, alarmingly. Ceylon's credit is impaired abroad, the plans for national development are still mere scraps of paper while the cost of living has sputniked to record heights. These conditions have made the country fertile ground for the seeds of a dictatorship, possibly of the Right, but more probably of the Left. But if the Government settles down to the task of facing both the economic and language problems, then Ceylon can emerge strong from her crisis with her bonds of national unity strengthened and justify the claim that she is the best bet for Democracy in South East Asia.

## Australia

### "Why Should We Worry?"

From Charles Meeking

(EASTERN WORLD Canberra Correspondent)

There are a few warning voices on falling prices for basic exports and on more import restrictions expected in the next year. There are occasional references to the West-Soviet struggle for oil and influence in the Middle East. Occasionally someone talks about China's plans for industrialisation, or the current threat to SEATO in Indo-China, or the dangers which may arise from Japan's discovery that Asian and world markets are not unrestricted.

Indonesia is still in the news, with some newspapers pretending that the declaration of Indonesian citizenship for all native inhabitants of West New Guinea is as provocative as the move by Holland of troops to that area. (This, like Holland's absence from SEATO, is a demonstration of Dutch hypocrisy. The Netherlands submits a voluntary annual "report" to the UNO on West New Guinea, but, unlike Australia in New Guinea, is not subject to inspection or to a prohibition on arms.)

These and many other things are happening within earshot, but Australians are blissfully unconcerned. The average citizen, if pressed to discuss them, would ask, "Why should we worry?" and imagine that there was nothing more to say. The Government seems to assume that a large defence vote, providing a degree of security that it never defines and few seem to question, is all that is needed on the subject. The Labour Opposition disregards the situation altogether, and is reported to be planning its election policy, in a year when it has neither hope nor inspiration, on "housing, health and hire-purchase interest."

Yet there are signs of an almost unconscious national realisation that Australia's relations with Asia will determine the whole pattern of the nation's immediate and long-range life and living conditions. The sudden spurt in the development of the mineral and other resources of the tropical north of the continent (with the World Bank making a £30 million loan towards rehabilitation of an inland Queensland railway and with even the Prime Minister visiting remote northern areas), is one such indication.

Another was the suggestion by the Governor-General, Field Marshal Sir William Slim, that special publicity should be used to attract British migrants to the Australian tropics — stressing that with modern technical aids tropical life is becoming more bearable, "and even pleasant." There are the extension of the Woomera rocket range out into the Indian Ocean and the installation of modern radio defences at Darwin. Also, and significantly, there was the referendum among the students of Melbourne University on the "White Australia" policy. This showed that 77 percent favoured modification of the existing Act, to permit Asians to become permanent settlers. Even allowing for the natural radicalism of students, this poll is important, because students, more than any other section of the Australian community, are in daily and close contact with Asians. Some 6,000 Asians have studied in Australia since the second world war, and their cultural and mind-broadening impact has been substantial.

In addition, there is an increasing degree of concern at the neglect, for a century and a half, of Australia's aboriginal population. This neglect has not gone unnoticed in Asia and elsewhere. The position of the aborigines, like that of the New Guinea natives, has many disturbing implications for Australians of the next two decades. Both involve problems which must be solved if Australia is to speak with self-respect and authority in Asia and in international affairs. The New Guinea question

is more apparent, because the Territory is well-known and the number of natives is expected to reach 10 million by the end of the century.

Prejudice against the aborigines was investigated recently by Dr. Hugh Philp, of the Department of Education of Sydney University. His findings suggested that most Australians have more goodwill towards the original inhabitants of the continent than legislators believe, but they were nevertheless an indictment of the present state of affairs. Under the heading, "Contact With Aborigines Increases Our Prejudice Against Them," the *Sydney Morning Herald* opened its report on Dr. Philp's survey with these words: "Australia, as everyone will surely admit, discriminates against her aborigines. We deny them equality of educational (and therefore occupational) opportunity; we exclude them from many social services benefits; with minor exceptions, we deprive them of the vote; we force them to live on special reserves, or else to comply with restrictions on their freedom of movement; and in many country towns we erect a crude colour-bar against half-castes." Such a statement will be disputed by many Australians, especially the large section critical of South African policies.

One major and hopeful development has taken place recently. The Minister for Trade, Mr. John McEwen, has indicated an awareness of the major problem of South-East Asia, and of Australia's intimate association with it, which may make for better relations and for more prosperity in Asia. It remains to be seen whether the Government is prepared to implement the things which Mr. McEwen showed were crucial. The Minister told a conference in Brisbane late in June that international agreements on commodity prices were essential to world peace as well as to stability in South-East Asia, and added that Australia was "giving leadership to millions in Asia in seeking to iron out violent fluctuations in such prices."

Admittedly, such a statement must be viewed in the light of Australian concern at the serious fall this year in wool prices, which normally yield half of the Australian export income. Yet there is no doubt that Mr. McEwen and some other thinking Australians realise the wider implications both of United States policies of giving away surplus primary products and of moves by other nations to force down the incomes of primary producing nations.

Denouncing the fluctuations in prices, he said that in the foreseeable future the heavily-populated and under-privileged countries of South-East Asia would depend on rubber and other commodities for their development. "Unless these countries are able to get decent prices for these goods, to pay for a rising standard of living, they will be unstable. Over the last 15 months the price fall in the commodities produced by South-East Asia has been 15 percent. "This loss of income is three times the total of gifts and investment by other countries in the area," he said. These are important statements. It is a pity that more Australians are not aware of their significance.

## United States

### Birth Control Problem

From David C. Williams

(EASTERN WORLD Washington Correspondent)

Will the rise in the population of the under-developed areas of the world undo all the well-meaning efforts that are being made to raise the standards of living of their peoples? This is a question which is being increasingly, although still largely privately, discussed by Americans concerned with the problems of world economic growth.

There has been spectacular progress in conquering the diseases which have plagued Asia, Africa, and Latin America.

But very little has been done about containing the population explosion which will result from continued high birth rates and dramatically lowered death rates.

Ample funds, both public and private, are available for research concerning the cure of diseases and application of the results of such research on a grand scale. But, owing to the pressure of the Roman Catholic Church and its millions of adherents in America, little or nothing has been or can be done by the American government in this field.

Even private organizations like the Planned Parenthood Federation have been the victims of a virtual Catholic boycott.

There is a sensible custom in America of eliminating the nuisance of a wide variety of campaigns to raise funds for various deserving charities, which once went on virtually every week in the year, by merging them into a single "Community Chest" or "United Givers Fund" campaign in which all organizations who raise money for charitable purposes join forces. Time and time again, Catholic groups have threatened to withdraw from such cooperative campaigns if any funds raised by them are used to disseminate knowledge about birth control. And, such is the power of the Catholic groups that such threats have usually been successful, forcing the Planned Parenthood Federation out to raise funds on its own. Even the great foundations, so willing to spend money in large quantities for a wide variety of purposes, have for the most part steered clear of this controversial field.

It is evident that the primary needs are two. First, a form of birth control is needed which is cheaper and easier to use than the methods now employed in the industrialized countries of the world.

Second, there is need of the education of women on a wide scale in the use of effective methods. In some cases, there are religious objections; in other cases, the prestige which attaches to large families is an obstacle to their limitation.

One American technician who worked with a "family planning" clinic in a rural area of India ruefully remarked that there was far more rejoicing over the work of the clinic in helping hitherto barren couples have children than over such success as its major objective enjoyed!

There was a time when Communist Party dogma in China rejected birth control. It was held to be "bourgeois defeatism"; under socialism, it was claimed, every baby who came into the world could be fed. But this is one aspect of Communist dogma which has succumbed to fact; the Chinese Communists have completely reversed their position, and are now wholeheartedly in favour of birth control.


One under-developed country which has moved boldly ahead is Puerto Rico, the Caribbean dependency of the United States. Its colourful governor, Luis Munoz Marin, has noted that, according to a Puerto Rican proverb, every man should plant a tree, write a book, and beget sons. "I wish they would plant more trees and write more books," he added. In spite of the strength of the Catholic church in Puerto Rico, its government is fully engaged upon a large-scale experiment with new methods of contraception, using pills taken orally. The results are promising, although all the problems have not as yet been solved.

For a long time, public discussion of this subject in the United States was difficult, because Catholics would boycott or withdraw from any gathering in which the topic was raised. Now, however, there is increasing recognition that the topic is much too important to be the victim of this conspiracy of silence. People are speaking up in growing numbers, and the Catholics seem to be abandoning the tactics of boycott. Instead, they are seeking to answer the arguments for birth control — with little success, since the facts weigh so heavily against them.

The time may not be far distant when, in the work of the voluntary organizations and the foundations on the problems of under-developed areas, population limitation may assume its equal, and deserved, importance with the prevention of disease and death. If so, one great obstacle to a sensible policy for world economic growth will have been overcome, at least so far as the United States is concerned.

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## Recent Books

**Japan Between East and West** by HUGH BORTON and others (*Oxford University Press*, 38s.)

The "West," for all practical purposes in this book, means America and "East" is Russia and "Red" China. (In no single instance that I remember was the noun left unescorted by its attendant "Mainland" or "Communist" or "Red"). The book is a revision and an up-to-date version of the views of six experts, presented originally in 1956 before the American Council on Foreign Relations. It is therefore inevitable, as between chapters headed "Communism in Independent Japan," "Japan and the Rise of Communist China" and "Japan's Diplomacy between East and West," that there should be repetitions; one might expect also certain differences of viewpoint, but, on the whole, there is none. Perhaps they have been edited out. If so, the editor could well have spent a little more care on removing repeats within the same chapter. Yet such repetitions do serve to highlight those issues which most tax American minds. There is, for example, a handful of references to the fact that although the Conservative parties in Japan are in favour of the "reverse course" of legislating away just about every remnant of the occupation reforms, the Socialists are in favour of retaining occupation measures to do with

education, rearmament, police organisation and so on: but they are anti-American ("in their opposition to America's military policy in Japan and Asia, rather than from a rejection of the American brand of democracy"). However, American policy has been to give support to successive Conservative governments, and, as a result, the tendency has grown of regarding a possible Socialist Party victory as a defeat for American policy and planning—a tendency against which Mr. Jordan warns in the final chapter, when he urges a closer understanding on America's part of all the political parties in Japan.

The tragedy (as the Japanese would describe it) of it all is that the major incentive for such American incubation of conservative chicks lies in the readiness of the latter to peck holes in Article 9 of the Constitution ("... land, sea and air forces as well as other war potential will never be maintained. The right of belligerency of the state will not be recognised.") Or to chirp away happily about its relative inapplicability to "potential" kept purely for purposes of self-defence. The Chief Justice has come down in favour of the latter, while Mr. Hatoyama, when Prime Minister, showed what can only have been either insincerity or a deep-felt uncertainty in his attitude, for, having originally taken the line that the formation of a National Defence Force was constitutional, he popped up a dolly when, just over two years ago, he stated his opposition to the present constitution, because, "it prohibits the possession of army, navy and airplanes." Of course, every Socialist, and, for that matter, every thinking Japanese (not, as some of these compilers would be inclined to hint, pushed from behind by invisible Communist hands) pounced, and held the catch fair and square. No! The only attitude to be adopted to this matter is that of Vice-President Nixon, who, as long as four years ago, admitted honestly and frankly that America's earlier advocacy of total and everlasting disarmament had been shown by events to be mistaken. But the Japanese go on arguing—it's constitutional, it's not; and the eternal struggle to secure the majority necessary for constitutional reform—in a matter prompted in the first place by America and prodded now and again by her, in a manner not at all tender.

Paul Langer contributes a useful chapter "Communism in Independent Japan." Between 1949 and 1955, the Communist percentage of the total vote dropped from 10 to 2 percent. Of the hundred thousand, or less, party members in Japan, Tokyo accounts for over one third, the six largest cities for over one half. Two years ago, there were an estimated five thousand party members in Japan's "governmental apparatus." While in general it is Moscow that guides in questions of ideology and overall strategy, it is to Peking that Japanese party leaders look for the interpretations of the tactical application of such general directives.

In the chapter "Japan's Economic Situation," there are interesting statistical comparisons between Japan and West Germany. In both countries, over the years 1948-55, industrial production rose by just over 200 percent; but whereas, over the same period, the prices of Japan's products rose by 172 percent, those of Germany only moved up 12 percent. In the period 1950-55, while the volume of Japan's exports rose by 92 percent, that of West Germany went up 160 percent. There has been a gradual diversification both of products and of markets in the export trade which will make Japan less dependent on textiles—though,

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even so, over one-third of the total exports in 1956 concerned textiles. There is an urgent need to modernise both machines and methods, but little capital is available. Again because of the lack of capital and the comparatively low spending power of the area, the trade with South-East Asia, from which so much has been hoped by successive Prime Ministers since Mr. Yoshida, has been disappointingly low. The compilers here expect that the same will prove true of the high hopes that businessmen as well as idealist scholars have of trade and diplomatic relations with China.

It is a pity that Dr. Keene is obliged to write such a narrow brief. If anywhere in a rather heavy and plugging book, "Literary Current in Post-War Japan" should have been the place for light, yet still informative relief. In place of the politics of the novelist, or the Marxian emphasis of the new criticism, (Genji now, for example, rediscovered as a ruthless exposé of the decay and corruption of the time) we might well have been given a discussion of the socially important Teddy Boy novels of Ishiwara Shintaro, of whom Mishima Yukio, one of the members of a small group of independent younger writers and critics whom Dr. Keene discusses at some length, has high hopes. This again, however narrow the brief, might have been the place to stress the influence of the consideration (which is mentioned nowhere throughout the book) that Japan, unlike most of the countries in Asia whose nationalistic and free expression movements she herself accelerated during the war, has never gone through a period of dependence on a western power, with the exception of the seven years of occupation colonialism. As a result, there is no place in the attitudes of her writers for anti-colonial poses, no scope or call for a shying away from western models. So the majority of younger writers regard the world of literature as their own. It is only the rare bird, like Mishima mentioned above, who will explore and experiment with his own classics.

Though the panel seem to have failed to recognise its genuineness, and in their new-country fastnesses do not fully appreciate its power and its sincerity, there seems to be not the slightest doubt that the impelling feeling of the average younger Japanese is an extension of this attitude of the young writers—the world is theirs, to be made friends with. The pacifist tendencies are genuine enough. This is readily granted. Genuine also are such opinions as would have Japan adopt an Indian neutralist attitude. But this America cannot and should not allow. It is a matter for regret that this book confines its interpretation of the "West" to the narrow sense of America: Europe gets little mention except for France as the writer's model, Germany as the

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revival comparison, and England as the trade rival, the tester of H-bombs at Christmas Island. England, Britain, British, UK—we fail to make the Index under any guise. The only mention of Australia and New Zealand is as entering into security pacts with America. Nothing about their reactions to Japan's aspirations for trade relations with the

whole of the South-East Asian area; nothing about their part in, and the sobering influence of some of their representatives on the work of the occupation. And that Britain does count—for whatever reasons—is quite clear from the findings of a nation-wide public opinion poll; we were the second most "liked" country, with 26 percent. America came first with 33 percent and Switzerland followed England. In the matter of dislikes, America was an honourably poor fifth (10½ percent), to the Soviet's 37 percent (topping even Korea with 30 percent); England polled nearly 4 percent of the dislikes, while Switzerland with .5 percent and India with just over one percent, were yet more proof of the popularity, at all levels and with all age-groups, of neutralist thinking.

This, as this book sometimes admits, is the hope of the majority of thinking Japanese today—to be a friend to all, and an enemy to none. Then, in virtue of this position of universal and unique (the Japanese have for ever prided themselves on uniqueness) friendship, they will assume the guise of a generally respected and powerful referee, and blow the world's whistle with all the verve and gusto of their own policemen.

GEOFFREY BOWNAS

## The Role of Technical Literature in India's Second Plan

By Harry Greenfield

THE Indian economy has just passed through a year of crisis, the major features of which were a heavy drain on the foreign exchange reserves and a bad harvest bringing in its train the twin evils of a threat of famine in certain areas and a general price inflation. All friends of India, having watched with admiration the achievements under the First Five-Year Plan, are now feeling some anxiety as to the consequences which the recent crisis may have for the more ambitious Second Five-Year Plan. Reassurance is not altogether lacking: generous loans from the United States and ruthless curbing of the country's spendings abroad have temporarily eased the exchange position; and substantial imports of food grains have offset the effects of last year's bad harvest. Nevertheless, anxiety will continue so long as the fundamental weaknesses of the present phase of India's economy are not overcome.

How, in face of the present shortage of foreign exchange, to maintain the desired rate of increase in industrial production has become an acute problem. Equally obstinate is the problem of how to increase exports, both to earn enough foreign exchange for planning requirements and to provide for repayment of principal and interests on loans. For the solution of these and other equally important and urgent problems the widest possible measure of cooperation will be essential, and it is to be hoped that general confidence may before too long be restored and private enterprise enabled to recover and to play its due part in the new development, so momentous for the welfare of this great country.

Here again there is some ground for hope, if not yet for positive optimism. A significant feature of India's industrial expansion in recent years has been the rapid, if somewhat erratic, growth of her trade and technical literature. Experience in all highly developed countries has shown that such publications are an essential and creative ingredient of industrial progress, and it is encouraging to see that this leaven is already assuming its beneficent role in India. Even more gratifying is it to find that a not unimportant part of the leaven is the product of patient building by Indian and British technicians working in close and friendly association over several decades. The grow-

ing output of this sector is all the more welcome in view of the flow of technical literature now being contributed from the United States and from Russia.

In the distribution of technical books, valuable work has been done over many years by British publishing houses with branches in India, of whom, to mention only two, the Oxford University Press and Longmans Green are well-known and well-regarded throughout the country.

In the production of technical journals, Indo-British cooperation is even older. This has, by a natural consequence, led to the creation of purely Indian technical journals which have deservedly won repute. Among India's present technical journals of British origin, one of the most interesting is *The Indian and Eastern Engineer* which is celebrating its centenary this year. Since it was first published in Calcutta in January, 1858, ownership of the journal has changed with the times, but the old tradition of Indo-British collaboration has been happily preserved by a union between the Indian industrialists Mahindra & Mahindra Ltd. of Bombay, and the Associated Iliffe Press Ltd. of London. A union such as this offers a pattern for future publishing cooperation throughout the Commonwealth.

The rapid industrialisation which is one of the principal objectives of India's Second Five-Year Plan clearly calls for the deployment of all available means of imparting technical knowledge and training to those who will be required to staff the expanding and newly created industries, as well as for harmonising all her industrial growth with the latest developments in other countries. All such instances of spontaneous and forward-looking cooperation on the part of the trade and technical press must surely be welcome to the planning authorities, not only for the immediate benefits which such publications bring, but also because they help to promote that spirit of cooperation which is vitally necessary for surmounting the immense difficulties that lie ahead. And those Indian and British elements which are jointly engaged in this work can feel that they are subscribing to the fulfilment of the wish expressed by the British Prime Minister on his recent visit to India that the ties between the two countries should become closer than ever before.

**My Burma; the Autobiography of a President** by BA U  
(New York: Taplinger Publishing Co. \$4.50)

**Building a Welfare State in Burma, 1948-1956** by  
FRANK N. TRAGER (New York: Institute of Pacific  
Relations. \$4.00)

Burma has shown a remarkable resilience during the first ten troubled years of independence. Dr. Ba U played a distinguished though unspectacular part in the leadership of his country, first as Chief Justice and then from 1951 to 1956 as President. Unfortunately, in his memoirs only eight pages are devoted to his time as Chief Justice and none to the period of his presidency. The earlier chapters describe his education, and his career as barrister and judge. Most of the personalities of pre-war Burma are reviewed and assessed in these pages.

The resilience of Burma is, in effect, the theme of Professor Trager's book; the downs and ups of the nation's economy amid the perils of civil war and public planning. The author describes the overhasty attempts to industrialise Burma, and he stresses the need for the Burma Government to do more to promote agriculture as the country's chief source of wealth. There are many useful tables and other statistical data extracted from government publications.

H.T.

**The Indian Village Community** by B. H. BADEN-POWELL  
(New Haven, Connecticut: HRAF Press. \$3.90).

**India's Changing Villages; Human Factors in Community Development** by S. C. DUBE (Routledge & Kegan Paul, 25s.)

These two works illustrate very well the revolution which is taking place in Indian village studies today. Baden-Powell's classic was published in 1896: the present issue is a photostat reprint by Human Relations Area Files Inc. Baden-Powell sought to re-examine the structure of village society throughout India and Burma and to put into perspective the generally accepted view of the "joint village." His minute analysis of the many variations in human association between the Afghan border and the Shan Hills is a masterpiece of organisation and information. Baden-Powell spent many years as a settlement officer determining land ownership, and his subject is really that of land tenure. On the basis of the various types of land holding he is able to distinguish different types of village society, yet his materials were "literary" and his mode of observation olympian; one closes his book knowing virtually nothing about the Indian villager, how he lives, and what he thinks.

The method of Professor Dube, an anthropologist, is exactly opposite. He works on a basis of observation of village life from within its midst. The purpose of his latest book is to illustrate the progress of the Community Development Programme in India by a study of its application in one area of western UP consisting of 153 villages. Attention has been focussed upon two units; a market town and a medium-sized village. For the area in general, Professor Dube produces statistics and some generalised statements such as would appear in an official report. His most interesting remarks are concerned with reactions in the two selected units to the various aspects of the programme, and also to a consideration of the role of the public servant, both senior and very junior, in development work. It is nowhere clearly stated how long Professor Dube

and his colleagues spent on their task, but we may assume that it was a period of some months, and we may accept their findings as important statements.

Nevertheless, this is still an olympian view of the Indian village, an outsider's concept of village life, even although much more concrete than the earlier "literary" studies. A reading of Appendix II which purports to be the diary of a village level worker is a good illustration: this account of village comings and goings has an artificial quality, it has been somehow "processed" so that it reads as an account of what a village level worker ought to feel and do, rather than what he actually did.

One day, an articulate villager will describe the Indian village as it actually exists: meanwhile, Professor Dube brings us a lot nearer to that actuality.

HUGH TINKER

**Economic Synthesis** by BORIS ISCHBOLDIN (Delhi: New Book Society of India, Rs. 30 or £2).

One of the objects of this work is to emphasise the social side of economics. The author maintains that the purely mathematical approach is unsuitable to a subject that, after all, deals with human beings. In the course of his arguments, he conducts us over the extensive fields of the history of economic thought — developments in the concept of utility, value, rent, and so on. This part of the book will be of considerable interest to advanced students, who are here introduced to European economic thought to an extent greater than is usual in text-books. But even this treatment has its dangers: for instance, we are given so many definitions of the term *economics* that we are in danger of losing sight of the wood for the trees. The author joins issue with modern economists on the nature of indifference curves, and attaches particular importance to his own interpretation.

Dr. Ischboldin tends to give undue value to what most economists consider outmoded theories. He appears to believe, for example, in certain aspects of the wages fund theory, which is not now professed anywhere, wages being explained adequately by marginal productivity.

For one who rejects the mathematical approach as being not sufficiently "social," it seems strange that he should neglect the very human problems connected with the size of the population (and particularly the concept of the "optimum") and of its productive capacity. This book shows unmistakable signs of great intellectual powers on the part of the author, but suffers severely from the absence of an index.

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# Economics and Trade

## The Trend of China's Foreign Trade

By Douglas Sun

THE realisation of China's Second Five Year Plan in her vast expansion of industrial and agricultural production envisages a substantial increase in foreign trade. Although about three-quarters of her global trade has so far been channelled through the Soviet Union and the East European bloc, she is nevertheless interested in the extension of trading relations with all other nations in the world. Moreover she has emerged as a major trading partner on the world stage within a short span of eight years.

China aims at paying her way and financing import requirements by current exports. Most of the agreements are on a barter basis in terms of stable prices, independent of fluctuation of the world market and subject to readjustment by both sides in the course of time. Although it is a long way from the ideal of multilateral trade, this is the only course left open to China, as is the case with many other countries in this world of restrictions on the movement of goods and currencies.

China's progress in foreign trade is rather startling. It is nearly forgotten that her chronically unfavourable balance of trade which had persisted for seventy years was wiped out in 1951. Her foreign trade has presented a broad outline of swift advance in the past eight years. For instance, the overall value of her external trade reached the twin peaks of 10,980 million yuan and 10,870 million yuan in 1955 and 1956 both of which were well over 60 percent greater than the 1952 figure of 6,480 million yuan. In spite of a downward revision in 1957, the year of consolidation after an industrial construction boom in 1956, its actual turnover still overshot the 10,000 million mark, registering an increase of just 60 percent over 1952 or a rise of 4 percent above the revised target of 9,960 million yuan. Altogether the import and export targets under the First Five Year Plan were overfulfilled by 8.8 percent and 5.9 percent respectively. The projected level of 11,000 million yuan (equivalent to £1,617 million at the conversion rate of £1 = 6.80 yuan) will create another new record. According to the present indication, this is likely to be surpassed. Judging by past experiences in other countries such a pace of development of foreign trade is undoubtedly rapid.

China has widened her trading relations with Afro-Asian countries in South-East Asia and the Middle East. Her trade with the Afro-Asian bloc constituted 16 percent of her total imports and exports during the past five years and is occupying a position of increasing importance. Inter-governmental trade agreements have been signed with a number of countries within the region, e.g., India, Burma, Ceylon and Egypt.

China gives special study to the market and is doing her utmost to meet her customers' needs. For example, her cotton piece-goods designed for the tropical area are in brightly coloured prints and dyed with good quality dyestuff so as to ensure resistance to washing, light and abrasion. During my tour of textile mills all over China, I observed how minute care was exercised in testing the finished products. Fastness of colour and tensile strength are carefully examined. After testing, the surface was checked and re-checked before packing. Goods destined for export are re-examined by the China

Commodity Testing Bureau which is very rigorous in seeing that quality is up to international standard.

Because of the rapid growth of industry China is beginning to move into hitherto untrodden territories, and to rival Japan in the export of light engineering goods to Burma, Malaya, Singapore and Indonesia. Her new line covers textiles, plywood, bicycles, radios, sewing machines, iron wires, chemicals, pharmaceuticals and machinery or equipment. Hong Kong is a barometer of China's export drive. It is flooded with goods of Chinese origin, relegating Japanese goods to second place in importance. According to market information, Chinese textiles are preferred in the South Seas because of prompt delivery and competitive pricing. It has been reported that Chinese-made sewing machines are both competitive in price and more serviceable than Japanese models, and cheap-priced fountain pens are challenging Japan's quasi-monopoly in South-East Asia. This stream of new trade strengthens the claim of paying for imports by means of exports and has its long-term significance.

China is still principally an exporter of agricultural



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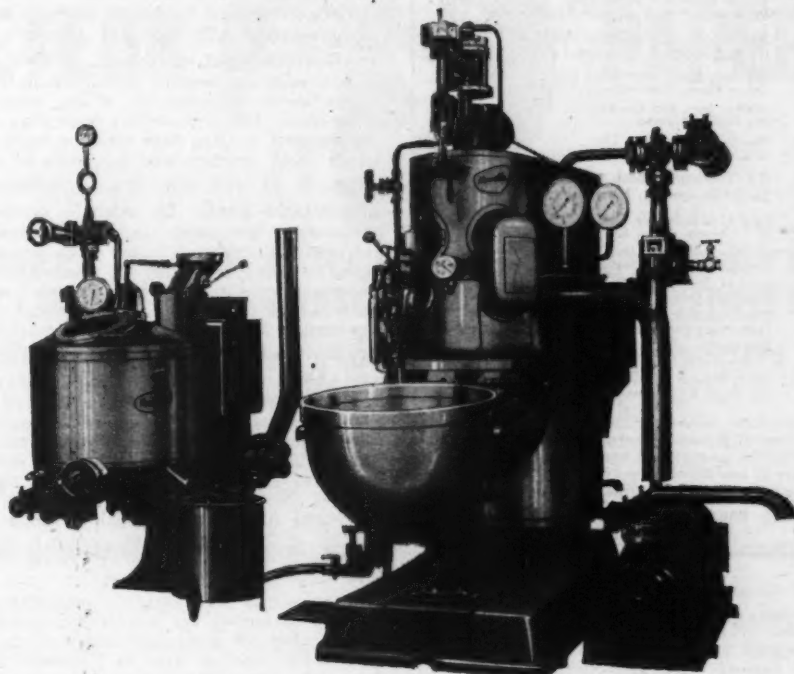
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produce as well as native products and an importer of machinery and equipment. For the past few years, three-fifths of her imports consisted of machinery and equipment and the remainder of raw materials as well as consumer goods, while three-quarters of her exports were agricultural produce and one quarter was made up by minerals and manufactured goods. If there is scope for exchange of goods between China and the Afro-Asian bloc, as it has been, there is certainly much greater prospect of mutual trade between China and Britain or other western countries. Although there was a rise of 13 percent in British exports to China in 1957 (£12.2 million) over 1956 (£10.7 million), that was overshadowed by countries like West Germany, France and Sweden which achieved better results. [For detailed report on U.K. trade with China, see EASTERN WORLD — issues of June and July 1958].

The abnormally low level of Sino-British trade was due to the imposition of special embargo against China. Evidently the British Government kept the expansion of China trade in view when it took the lead in abolishing the China differentials. As a result, there will undoubtedly be some increase of trade. But any hope of a really substantial upsurge in that direction is frustrated by the retention of an embargo which still excludes 350 items of strategic goods from exports to the eastern bloc including China. Here the impracticable aspect was underlined by the change of circumstances owing to the passage of time. During this interval, the picture in China has undergone a tremendous change and she has succeeded in the first stage of her industrialisation drive in spite of the strict embargo. Some of the commodities recently transferred to the free list, such as some types of machine tools and ordinary steel products, China has become capable of producing herself or even offering for export. It is understandable that Peking may no longer be interested in all the items removed from the embargo list as she would have been a few years earlier. But on the other hand an earnest start has been made to divert a share of her

vast imports from East Europe to countries of West Europe as evidenced by the visits of the Chinese Technical and Economic Delegation as well as other trade missions. China's principal needs lie in the field for precision instruments. The country is on the threshold of the next stage of the industrialisation programme. A vital stage has therefore been reached when to drastically revise the embargo restrictions would be advantageous to Britain. Short of total abolition it is urgently necessary for the development of trade to lift all artificial barriers and reduce the list of strategic goods to the minimum "commensurate with national security" as conceded by a British Government spokesman. In spite of the rapid advance, China's economy remains fundamentally complementary to that of the United Kingdom or of any other industrialised nation in the West. Her Second Five Year Plan underlines the massive requirements, ranging from machine tools, electrical locomotives, metals, steel, tractors, and fertilisers to rayons and wool tops which fit in well with British predominance in exports of manufactured goods. In order to develop industry, China is particularly interested in the importation of precision instruments, high-grade steel and machine tools etc. It is estimated that 30 percent of China's machine tools requirements will have to be met by imports during the period of the Second Five Year Plan. In quantitative terms, she requires importation of 27-28,000 units of machine tools, generally of the heavier types in 1962, being approximately equal to her total home production in 1956. For the benefit of the agricultural sector, the country is in need of a wide variety of goods such as electric motors, diesel engines, harvesters, water pumps, insecticides, seeds and draft animals, besides tractors and fertilisers. China imported half a million tons of chemical fertilisers during the first quarter of this year, doubling its quantity of imports received in the corresponding period in 1957, and has already placed a substantial order worth 50 percent more than in 1957 of goods falling into the above range.

As regards her ability to pay, China has ample sterling balances to finance her import requirements due to an export surplus after six years of trade with the United Kingdom as well as the Sterling Area as a whole. Exports of traditional items, e.g., egg products, tea, silk, vegetable oils, bristles, soya beans etc., have been stepped up and the internationally important group of ores and minerals is advancing to a position of next importance. She can also afford new items such as tobacco leaf, canned food, fruit and vegetables, and supply an increasing range of consumer goods to South-East Asia.

It is predictable that the pattern of trade between China and the United Kingdom or other western countries will be subject to a certain shift. As China succeeds in producing consumers' goods for her teeming population, and in expectation of her people's rising standard of living, the pendulum will swing in the direction of quality goods to which British manufacturers are specially adapted. In decades to come there will be a growing and sustained demand for capital goods and heavy engineering products. Judging by China's steady growth of foreign trade in the past and in anticipation of the developing pattern of new trade, Britain is well placed in obtaining a sizable increase in her exports to China, say, to the extent of £30 million to £60 million a year. This estimate may not be far off the mark if account is taken of the fact that China has become a leading world trader and it is quite feasible that she may be prepared to divert 10 to 15 percent of her global trade to the West in the forthcoming years. The amount involved in proportion to British global exports may be still of little importance. But in the face of general conditions in international trade the normalisation of Sino-British trade with a view to its possible expansion will be mutually beneficial, strengthening each other's economy and contributing to further relaxation of international tension.

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# ITALY'S TRADE WITH ASIA

By *Alvise Scarfoglio (Rome)*

**D**ESPITE a passive general balance, last year's trade between Italy and the 12 nations commonly grouped under the denomination of South-East Asia developed along healthy lines. The commercial gap amounted to about £2,540,000, but this means little in a trade balance which has always been passive, relying on income from active freights, tourists' spending, and emigrants' remittances to make up for it. As the freight balance was an active one, and most of Italy's trade with Asia was conducted on Italian ships, there is every reason to believe that the actual payments balance was an active one.

The list of nations with whom the trade balance was passive was smaller by one unit in 1957 than in the previous year. Burma and China became active, while Japan became passive. Laos, Viet Nam and Formosa appeared for the first time on the export list with quantities worth considering; the exports of 1956 had been a mere first approach. The exports goods are chiefly industrial machinery, chemicals, including pharmaceuticals, and man-made fibres. Italian rayon yarns are still competitive with Japanese ones, while in all the other man-made fibre products, Japanese spuns and fabrics are proving far cheaper. Italian steel plates and, in general, Italian steel products, can hold their own against Japanese exports in this field, while Japanese chemicals, textiles and general exports are proving unbeatable. One of the fundamental reasons for Italy's passive balance with Asia was the loss of one occasional though important item—rice. Of three countries who bought Italian rice in 1956—Pakistan, Japan, Indonesia—only the last remained an importer in 1958, and the total value exported to Asia fell from £6,320,000 to £1,200,000. This was, however, a foreseeable event, and did not prevent a general expansion in many items of permanent trade.

The largest active figure was Italy's trade with India, which has remained unchanged since 1956 (£12,880,000). The highest gains for Italy are those with Cambodia, Laos and Viet Nam, which more than trebled, while her trade with South Korea fell by about 50 percent. Trade with Burma, on the other hand, rose from little more than £300,000 to over £770,000. An entirely new feature is the trade with Formosa. It is small, but almost entirely active, and is the result of a trade agreement concluded in the spring of last year. The active balance of Italo-Indonesian trade, which had been one of the most important positive assets in 1956, has fallen to almost nil, while some trade deficits of 1956 suddenly became heavier, particularly with Malaya, Portuguese Asia (chiefly owing to Goanese iron and chrome ore), Pakistan and British North Borneo, the last owing to oilseeds.

The only passive balance to show an improvement between 1956 and 1957 was the one between Italy and Ceylon.

The majority of items of mechanical and metalware exports to India rose in 1957—the largest of them being steel plate. Motor cars and other items fell, but were outweighed by a number of other classes, among whom one holding a large and increasing place in Italian mechanical exports, namely, workshop machines. Italy's balance with China has become active chiefly because of rises in the exports of chemicals and man-made textiles. Exports of steel plate and machinery have more than doubled, although they have not risen to the importance of chemicals—especially fertilisers. The list of mechanical goods exported to China is a very extensive one—a large number of items being sold through Hong Kong. There has been an increase in the sales of most of these goods, except motor cars and motor cycles, which experienced a fall in almost all of South-East Asia. Most serious was the regression in motor exports to India, Pakistan and Indonesia, heavy Japanese and German competition being the main cause. The imbalance with Pakistan has been only slightly reduced—as compared with that in 1956—by a fall in imports caused by the high level of prices. The reduction in imports was encouraged by the Italian Government. Exports to Indonesia decreased because of the civil war, and were also discouraged by the Indian Government owing to the payment difficulties with which the Indonesia Government is grappling. The trade with Thailand, a very varied one, remained practically unchanged, both in the balance and in its pattern and volume.

Next month, Senator Teresio Guglielmone, right-wing Demochristian leader and influential businessman, is to lead Italy's first official economic mission to China. It will consist of the representatives of thirty of Italy's most important industrial firms and banks. This mission will be the same that had been organised two years ago, but had always been postponed. Its rebirth is the evident result of the moderate, but vigorous swing to the left that came out of Italy's recent general elections held in May. An initiative of this kind by a Demochristian parliamentarian would have been unthinkable under the De Gasperi government, and remained but a good intention under his successors during the 1953-1958 legislature. The mission's tour will include visits to China's most important industrial plants, and contacts with leading Chinese economic circles.

Italy's largest passive balance with Asia was that with the Federation of Malaya—almost £3.5 million larger than last year. This passive balance with Malaya is a permanent feature, as it

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always the case with large exporters of raw materials, but in 1957 the passive balance was not caused by Malaya's exports of tin and rubber. Her exports of coffee to Italy have kept rising, as well as India's and, generally, Asia's, while competition and the filling of investment needs inflicted a series of setbacks on Italian exports.

The general trend of Italo-Asiatic trade is one of slow but sure progress. Even in a period of partial involution, this progress is visible by the fact that exports are shifting from textiles and consumer goods to the most permanent fields of Asia's needs: machinery and products of the most highly developed industries. Setbacks and yearly oscillations do not

change the main lines of this picture. Italian machinery is simple and fitted for the only partially skilled Asian worker, while comparative geographical vicinity has proved a great advantage for many purposes like technical assistance. The general expansion of Italian trade has made it possible to set up multilateral lira accounts, all of them convertible in currencies of the European Payment Union, and several Asian countries are availing themselves of these facilities. Lack of funds has made it impossible for Italy to grant facilities like long instalment payments, but perhaps this will make the expansion of Italian trade go a slower but surer pace than that of richer Western nations.

## NEW VIEW AT JAPAN

By Robert Tilney

JAPAN'S neighbours, Communist China, USSR and North and South Korea, once the source of great wealth, are today obstructive and hostile. Pre-war Japan drew most of her raw materials from these countries and sold to them a high proportion of her exports. Today she is forced to depend on the United States for similar supplies at high cost to her economy. Japan has an adverse balance of visible trade of about \$1,000 million with her friend and ally, the United States. Thus Japan is forced to look to South-East Asia, the Indian Continent and the Middle East countries as her potential export area. Although the need for Japanese goods and know-how is great in these countries, they are in the main very short of capital.

Capital is a commodity which is also scarce in Japan. By American or British standards, most Japanese companies are grossly under-capitalised. The ratio of advances to deposits permitted by Japanese banks is frightening to more orthodox bankers. The Japanese cannot afford the standards of the West. Internally, the deficiencies of capital are made up by the discipline, energy, hard work and ingenuity of the Japanese: but these qualities cannot bridge the capital shortage amongst most of her customers. Japan must export to live but since many of the richest markets of the world, the USA, Canada, Britain and Europe, are relatively restricted to her products, she faces the difficulty of finding customers who can pay.

It is here that America and Britain, in different ways, are not being as farsighted as they should be. Unfortunately, both qualify for the role of the proverbial ostrich. America, once the great exponent of the "open door" policy, now shuts it to her

ally by the embargo she places on trade with Communist China. Most responsible Japanese are sceptical about the volume of trade to be done with China but it is difficult to refute the claim that they should be allowed to try.

America, the greatest creditor nation on earth, in refusing to recognise her position and her role, is causing much anxiety to her many friends and particularly to Japan. No country other than the USA is in a position to free the capitalist world from its bondage of "Frozen Assets," for America sits on most of them. She sucks gold, still the principal basis of international credit, from the rest of the free world and buries it at Fort Knox. Japan is helpless if the USA does not change its outlook. The chances of a change can scarcely be rated high.

Britain is an ostrich because she will not regard Japan in any role other than that of a commercial aggressor. She, therefore, refuses to make a commercial agreement with Japan for fear of the consequences under a release of Art. 35 of GATT. Japan is going to be an important exporter whether Britain likes it or not. It is simply a question of "needs must." In largely ignoring Japan as a market for machinery and know-how, Britain is missing an opportunity to help Japan, the East and herself.

I believe that Japan is destined to be the industrial leader of the East. The principal criticism of Japanese products, namely inferior quality, is far less justified today than pre-war. The USA and Germany have realised the Japanese potential and are doing business with Japan, although in fierce competition with her in world markets. Britain should be more realistic.

Japanese art and architecture is amongst the most appreciated in the world. Japan's political influence will advance with her progress in industry and the arts. She can only be ignored by Britain and the USA at the risk of forcing her into the Communist camp. The Japanese are by nature far from communistic, but extreme poverty could make them desperate. In the hands chiefly of the USA and Britain lies the power to avoid a political and economic disaster of the first order for the West and civilisation in general. Let us hope they will face the facts.

Mr. Robert Tilney is chairman of Sale Tilney & Co. Ltd., a firm which has been in business with Japan for over 75 years. He has been paying visits to that country for more than 30 years.

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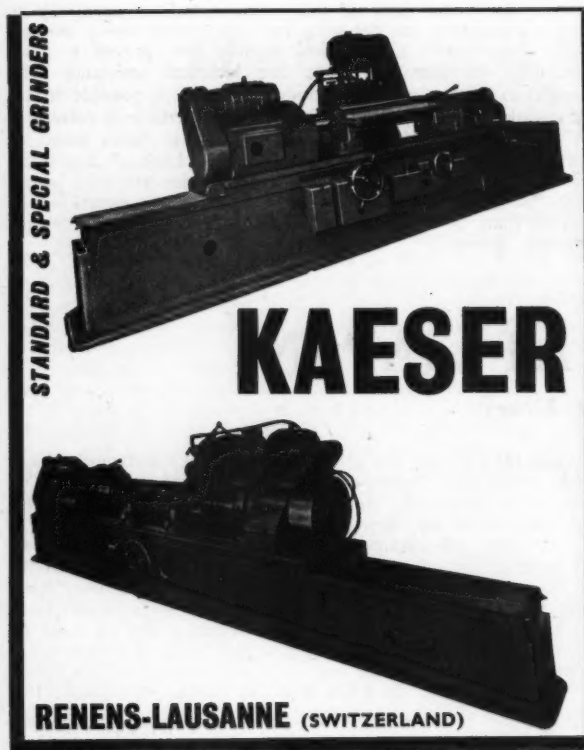
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## WEST GERMANY'S TRADE WITH CHINA

**W**EST Germany's trade with China continues to expand. During the first four months of 1958 her exports to that country amounted to about £4.5 million (DM54.4 million) as against £4 million (DM49.6 million) during the corresponding period of last year.

West German imports from China show an even stronger increase, namely from nearly £5 million (DM58.9 million) to over £6 million (DM73.7 million). Thus China's favourable trade balance with Germany has been further strengthened. This trend, according to German circles, creates favourable conditions for a further increase of German exports to China. Recently over 31,000 tons of steel boiler plates and over 1,600 tons of steel boiler tubes were bought in Germany by the Chinese National Metals Import Corporation.

A certain handicap in the development of trade between the two countries is due to the fact that they have not yet established diplomatic relations. The West German authorities adhere to the principle that no diplomatic relations can be entertained with any country which has diplomatic relations with East Germany. The only exception to this rule is the Soviet Union with whom West Germany maintains diplomatic relations. It is understood, however, that the West German authorities may be prepared to extend this exception to China shortly.

## SWITZERLAND'S TRADE WITH CHINA

**T**HE reports on the pending relaxation of embargo restrictions on exports to Communist countries have aroused great interest in Swiss industrial circles. In 1957, Swiss exports to China and Hong Kong included machine tools to the value of 3.5 million Sw. frs.; steam engines—1.8 million Sw. frs.; generators—2.7 million Sw. frs.; electrical apparatus—over 2.5 million Sw. frs., as well as precision tools, ball bearings, copper products, etc. The exports of these goods were hampered by the embargo and it is hoped that their removal from the embargo list will lead to further increases. In addition, a normalisation of trade might also have beneficial results for those exporting industries whose products were not on the existing embargo list.

Switzerland's total exports to China and Hong Kong (the Swiss statistics do not show statistics for China and Hong Kong separately) which reached the value of 186.5 million Sw. frs. (about £15.5 million) in 1957, amounted to 55.5 million Sw. frs. during the first 5 months of 1958. Among the main exports were watches. In 1957, more than 3.4 million watches, and during the first quarter of 1958 nearly 700,000 (the latter figure accounts for about 9 percent of the total number of watches exported by Switzerland during that period) were shipped to that market.

Tar dyestuffs exports amounted to 12 million Sw. frs. (£1 million) during 1957, and to nearly 3 million Sw. frs. during the first quarter of 1958.

Switzerland has a highly favourable trade balance with China and Hong Kong, as her imports amounted to only 53.9 million Sw. frs. in 1957, and to 20.3 million Sw. frs. during the first five months of 1958. The 1957 main imports included raw silk and silk fabrics.

At present, China's import policy is governed by the "link" principle, i.e. additional imports are being connected with additional exports. Chinese traditional commodity exports are to be excluded from these deals to prevent adverse fluctuations of world prices of these goods. But the range and quantity of Chinese products for export are increasing steadily, and enable the Chinese to pay for their increased imports.

As the Swiss exports to China are carried out to a great extent through export-import firms which have world-wide trading activities, it should be possible for them to execute the "link" deals. It is interesting to note that merchant firms have again to play an important role in the development of trade with China (as it is difficult to imagine that, e.g., a western manufacturer of specialised machinery should be able to accept as a counter-part of the deal some manufactured goods from China). Up to now there has been a tendency in Chinese trading to exclude or at least limit the activities of merchant firms.

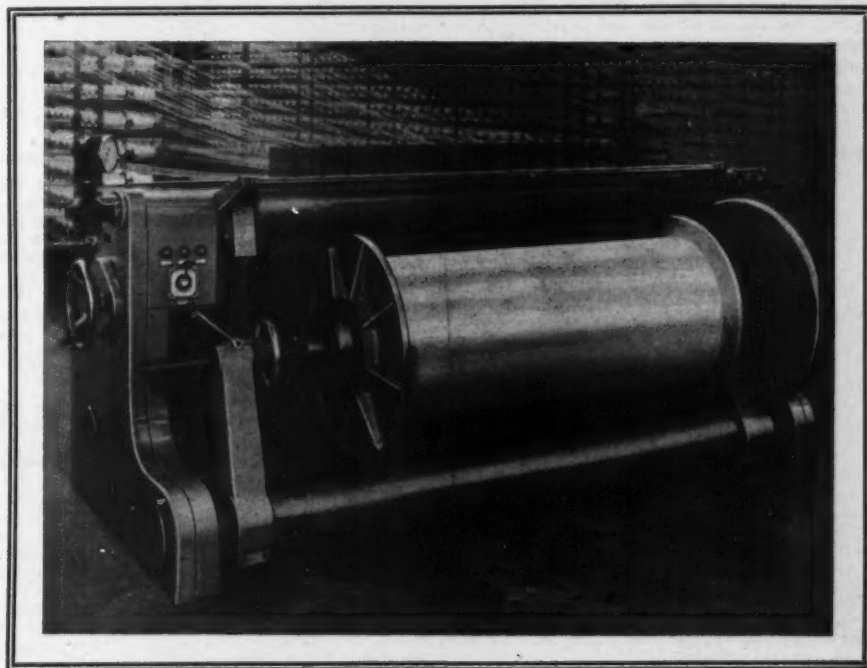
There is little doubt that the pending relaxation of embargo restrictions will create better conditions for the development of trade with China. Well-informed circles stress that there are two trends in Communist countries in regard to trade with the West. On one hand the intensification of the cold war leads to a stronger stream-lining of the economy within the bloc of Communist countries. On the other hand it is known that the Chinese repeatedly expressed their desire that their two-way trade with the West should account for a larger proportion of their overall trade than at present. In addition, the Soviet Union and the East European countries have recently embarked on an export drive in a number of new areas, including South America, and the question arises whether their industrial potential will be big enough to promote these schemes successfully and at the same time supply the increasing requirements of the Chinese market.

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## INDUSTRIAL AND COMMERCIAL NOTES

### IFC INVESTMENT IN PAKISTAN

The International Finance Corporation has agreed to invest \$630,000 in the newly organised Steel Corporation of Pakistan, Ltd. in Karachi. This commitment is IFC's first in Asia. Controlling interest in the Steel Corporation is to be held by the Fancy family of West Pakistan, a group with wide commercial and industrial interests in that country. Amiral H. Fancy will be chairman of the enterprise.

The new company was formed to acquire an existing steel rerolling mill with a rated capacity of 15,000 long tons of reinforcing bars and structural shapes. Adjacent to this mill, the company will construct a new multi-purpose strip and wire rod mill for the production of baling hoops, merchant bars, wire rods and finished wire products. This plant, having a rated capacity of 12,000 long tons a year, is expected to be ready for operation by May 1959. The hoops to be produced by the new plant are essential to the baling for export of jute and cotton, the most important products and foreign exchange earners of Pakistan.

Kloekner Industrie Anlagen, GmbH of Duisburg, Germany, suppliers of the

new rolling mill and technical advisers to the Steel Corporation, are to accept partial payment for the equipment in shares of the company. An important part of the equity financing is to be accomplished through a public offering of shares in Pakistan, with the Fancy group taking responsibility for the underwriting. Negotiations for the financing were concluded between IFC and the Fancy group at the offices of Kloeckner in Duisburg, Germany.

### DURGAPUR: UK-INDIAN COOPERATION

The construction of the Durgapur Steel Plant is proceeding according to schedule. These steelworks are being erected by 13 leading UK firms which have formed for the execution of this project the Consortium "ISCON" (Indian Steelworks Construction Co. Ltd.). Plant and equipment for Durgapur to the value of about £56 million (f.o.b. UK port basis) are to be shipped to India, and up to the end of April 1958 nearly 50,000 tons of material have already been exported to India, including a giant diesel-electric locomotive crane. The Durgapur plant,

which has been designed for an initial production capacity of one million tons of steel annually, could be easily developed at a later stage for higher production. Durgapur is one of the three State owned enterprises which are now being constructed, each of which will have an initial output of about 1 million tons of steel. In addition to training facilities given by British experts to Indian nationals in Durgapur, a large number of Indians are at present undergoing special training in the factories of the ISCON member firms in Britain.

### BANK OF INDONESIA IN LONDON

Last month the Governor of the Bank of Indonesia visited London for the purpose of setting up a branch of the Bank here. The branch, under the management of Dr. Khouw Bian Tie, is the first to be established outside Indonesia except for the one in Amsterdam, and is located at King Street, E.C. The Governor of the Bank, Mr. Loekman Hakim, expressed the hope that by having a branch of the bank in London, business between Britain and Indonesia would be able to be operated more smoothly than it has been in the past.

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The Director, India Supply Mission, 2536, Massachusetts Avenue, N.W. Washington, D.C. United States of America, invites tenders for the following:—

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Specifications, drawings, etc., relative to the above can be purchased direct from "India Supply Mission" of the above address or from "India Store Department, Government Buildings, Bromyard Avenue, Acton, London W.3., at 2 dollars or 14s. and 6d. per copy. Tenders are to be returned direct to "India Supply Mission," 2536 Massachusetts Avenue, N.W. Washington D.C., United States of America so as to reach there by 9.15 a.m. on 11th AUGUST, 1958.

Specimen copy of the above Specification can be seen at "India Store Department," Government Buildings, Bromyard Avenue, Acton, London W.3. under reference S.3408/58/AVH/ENG.2.

The Office of the Damador Valley Corporation, Anderson House, Alipore, Calcutta 27, India, invites tenders for the following:—

"D.V.C. Tender Enquiry No. PE-SPEC.52 for the supply of Lubricating Oil-Transfer Pumps, Lubricating Oil Delivery Pumps, Oil Transfer Pumps and Lighting Oil Pumps."

Specifications, drawings, etc., relative to the above, can be purchased direct from "Damador Valley Corporation" of the above address at 9 shillings per copy plus £1-17-6d. for air parcel charges. Tenders are to be returned direct to Damador Valley Corporation, Anderson House, Alipore, Calcutta 27, India, to reach them by 3 p.m. on 13th AUGUST, 1958.

Specimen Copy of the above specification is on view at "India Store Department," Government Building, Bromyard Avenue, Acton, London W.3. under reference S. 3415/58/AVH/ENG.2.

The Director General, India Store Department, Government Building, Bromyard Avenue, Acton, W.3. invites tenders for the supply of the following:—

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The Office of the Chief Engineer, Madras Port Trust, Madras, India, invites tenders for the following:—

"Tender Enquiry No. 16/EP3/1571/58 for the supply of H.T. Cables."

Specifications, drawings, etc., relative to the above can be obtained direct from the Deputy Chief Accounts Officer (Engineering), Chief Engineer's Office, Madras Port Trust, Madras, India, on payment of 4 shillings and 6 pence which is not refundable. Tenders are to be returned direct to the Madras Port Trust of the above address so as to reach them by 3 p.m. on 2nd SEPTEMBER, 1958.

Specimen copy of the above Specification can be seen at "India Store Department," Government Building, Bromyard Avenue, Acton, London W.3. under reference S. 3420/58/AVH/ENG.2.

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China, India and Japan occupy an important place in the international wool tops trade, and during the 1955-57 period accounted for over 20 percent of the global imports of this commodity. The UK wool tops industry has been the main supplier of these markets.

During this 3-year period, China's annual average imports amounted to 17.5 million lb., including 10.9 million from Britain, 3.2 million from Australia, 1.4 million from France, 1.3 million from Belgium and 0.7 million from Uruguay. During the first 5 months of 1958, UK exports of wool tops to China amounted to over 1.2 million lb. (monthly average) and Bradford circles are confident that

the exports to China will continue at approximately the same level throughout the year. There is strong belief that relaxation of embargo restrictions on exports to China would assist the expansion of these exports. Even if wool tops are not on the embargo list, a better general trading climate would develop as a result of a relaxation of embargo restrictions and would be beneficial to this industry too.

UK exports of wool tops to China are also an interesting illustration of the importance of the Chinese market. While the overall UK exports to China are still very small, about 15 percent of the global exports of UK wool tops go to China.

India's annual average imports of wool tops amounted to 13.9 million lb., including 11.1 million from the UK, and 2.8 million from Australia.

Japan's annual average imports amounted to 8.6 million lb., including 3.8 million from the UK, 1.5 million from Australia, 1.3 million from Uruguay, the rest coming from Belgium, France, etc.

The following table shows the development of UK exports of wool tops to the main Asian markets:

	1957	1958 (first five months)
India	2,476,007	2,425,808
Pakistan	733,481	187,515
Hong Kong	354,527	51,866
China	362,168	2,596,600
Japan	2,138,676	587,003

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The fiscal operations in 1957 of the Central Government of Indonesia resulted in a record cash deficit of Rp 5.84 billion, compared with a deficit of Rp 2.15 billion in 1956. More than two fifths (Rp 2.58 billion) of the 1957 deficit was incurred in the last quarter of the year. The large increase over 1956 was due to growing government expenditures, particularly internal security expenditures, at the same time that revenues, mainly revenues from customs and exchange surtaxes, declined.

The Government borrowed from the Bank Indonesia a record sum of Rp 8.32 billion in 1957; such borrowings in 1956 amounted to Rp 2.42 billion. Of the 1957 total, Rp 2.83 billion was used to repay importers' prepayments and the remainder to finance the fiscal deficit. The Government also obtained Rp 500 million through an increase by commercial banks in their holdings of treasury bills. This resulted from the regulations of May 1957 that the large private commercial banks must hold minimum cash reserves amounting to 30 percent of their demand and time deposit liabilities and minimum reserves of treasury bills amounting to 10 percent of the cash reserves; the latter figure was subsequently raised to 20 percent. Offsetting a part of the increase in the banks' holdings of treasury bills in 1957, however, was a reduction of nearly Rp 300 million in the other debt of the Government and government enterprises to banks. There was no new issue of government bonds during the year.

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### YUGOSLAVIA BUYS INDIAN SEWING MACHINES

The State Trading Corporation of India has signed a contract with a State trade organisation in Yugoslavia for the export of about 50,000 Indian sewing machines.

India has been exporting sewing machines to a number of countries in Asia and Africa and to Australia, but the total value has not so far exceeded Rs 600,000 a year. It is expected that this order, which is the first major effort of the State Trading Corporation, will provide a considerable fillip to Indian engineering industries.

The State Trading Corporation is now negotiating with some East European countries for the export of other engineering goods like electric fans and electric motors.

### SWEDEN'S TRADE WITH CHINA

Sweden's exports to China continue to expand. During the first quarter of 1958 they reached the value of 27.7 million Kr. as against 17.7 million during the corresponding period of 1957.

Sweden's imports from China decreased from 4 million to 3.4 million Kr. during the same period, and thus Sweden has a highly favourable trade balance with China.

### FOOD SITUATION IN PAKISTAN

Government stocks of rice and wheat in East Pakistan total 300,000 tons, larger than in any period since partition. Arrangements have been made by the Central Government for the delivery of another 300,000 tons of rice and wheat from West Pakistan, Burma, Thailand and the United States before the end of the year. When account is taken of the disposal of stocks at the rate of 50,000 tons per month, a carry-over into next year of 200,000 tons of foodgrains is expected. This will depend, however, on the outcome of the summer rice crop, for which the outlook is favourable. But in view of the available margin, no shortage is foreseen even if the summer crop should be less than now estimated.

Reports on the wheat crop harvested in West Pakistan are favourable. The provincial authorities have announced that procurement is proceeding ahead of schedule and that it will be continued after the quota is filled, in order to add to reserve stocks.

### US HELP FOR INDIAN IRON ORE MINES

An agreement was signed in New Delhi on June 25 allotting 20 million dollars to India from the US President's Asian Economic Development Fund.

This amount will be used to finance a multi-purpose project which will develop the iron ore mines in the Rourkela area, construct a new railway line from Sambalpur to Titlagarh and also improve the facilities at the port of Vizag to increase the export of iron ore to Japan.

Accordingly, a project increasing the export of iron ore from India to Japan has been under discussion between representatives of the Governments of India, Japan and the US since the Colombo Plan conference at Singapore in October 1955. After detailed discussions and examinations of the feasibility of railway constructions in the area by a firm of American consultants, negotiations were undertaken with representatives of the Japanese steel industry last year. An agreement was reached in March between the Indian negotiating team and the Japanese steel mission.

The total estimated cost of the project is \$66 million. The Indian Government will bear the entire expenditure in rupees and Japan has also agreed to make available a line of credit up to \$8 million for the purchase of necessary equipment in Japan. The US Government has now accepted the project as eligible under the President's Asian Economic Development Fund and has agreed to finance foreign exchange expenditure up to \$20 million.

The loan is repayable in rupees in 31 half-yearly instalments beginning three years after the disbursement of the loan and will carry interest of three and a half percent per annum.

### COMMONWEALTH OIL PROSPECTS

With a large and rapidly expanding oil consumption, the Commonwealth has a keen interest in the development of its indigenous resources, and during the post-war period a considerable measure of success has been achieved. The Petroleum Information Bureau reports that total oil production in the Commonwealth has been raised from just over 4,600,000 metric tons in 1946 to more than 36,300,000 tons last year. The major contribution comes from Canada, which supplied about 25 million tons in 1957.

In the South-East Asian area, British Borneo is now supplying about 5½ million tons annually. Apart from a very small yield from the Miri field in Sarawak, this is all derived from Seria in Brunei. Sustained efforts to locate additional oil reserves have so far proved disappointing and the main hope of major new discoveries appears to lie in offshore exploration. This has already extended for a distance of some miles out into the China Sea and will shortly be extended still further from the shore as a new mobile drilling platform capable of operating in waters 150 feet deep is scheduled to come into use by the end of the present year.

Two other long-established oil producers in the Commonwealth are India and Pakistan. Output in the former was a little more than 400,000 tons last year, but when the fairly recently discovered Nahorkatiya-Hugrijan oilfield and other formations are fully developed, it is expected that a total production of about 3 million tons annually will be obtained. Meantime further exploration work is proceeding, with the Government as well as private companies being active. In Pakistan the major success so far achieved lies in the finding of natural gas at Sui and Sylhet, for the only oilfields are relatively small, and although present annual yield is nearly as much as that of India there is little scope for expansion. Further drilling for new fields is now proceeding but, as in the case of India, although there is a prospect of substantial new deposits being located ultimately, much costly exploration work is likely to be required if potential resources are to be realised.

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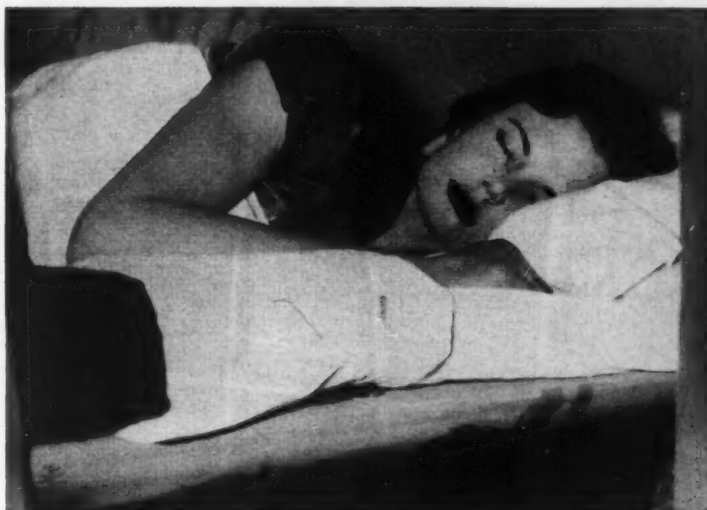
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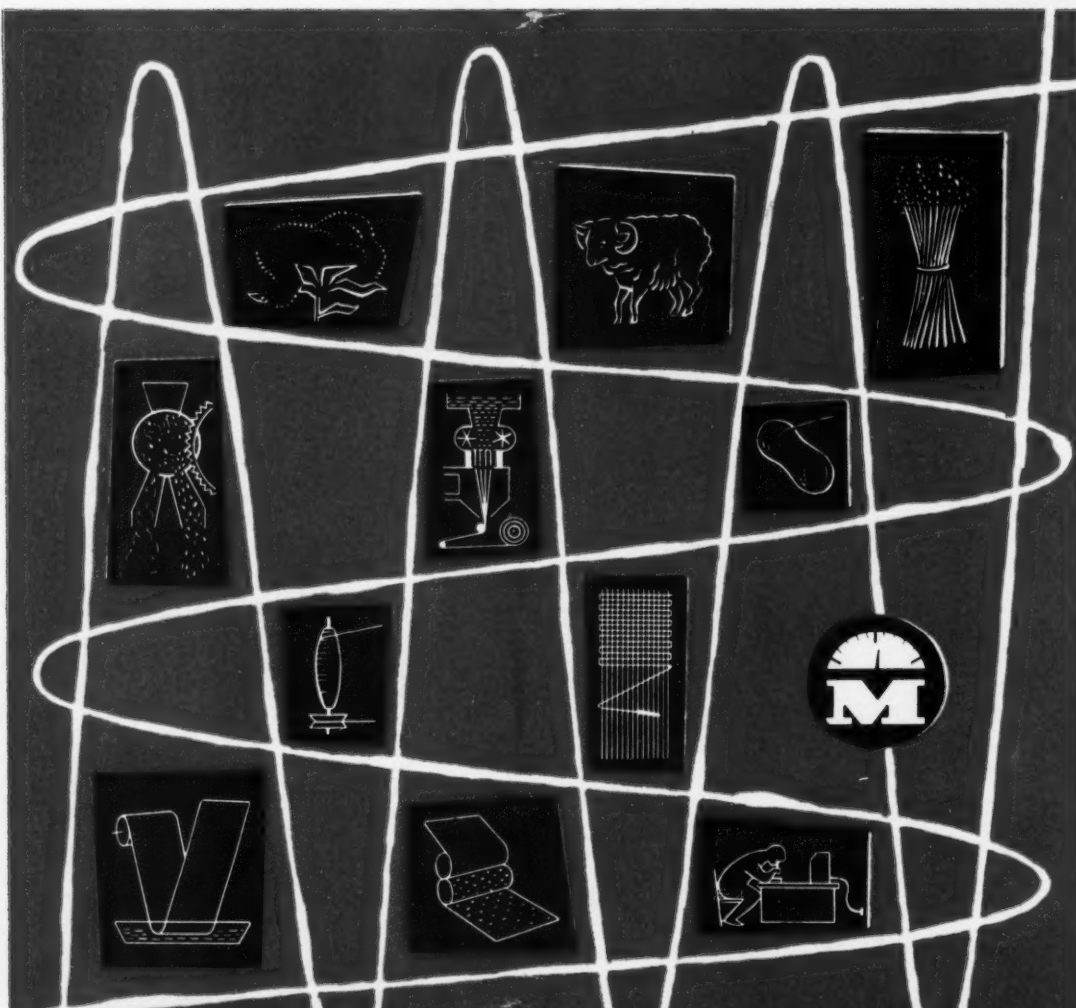
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